

**AMENDMENT**

It is agreed by and between the State of Vermont, Department of Vermont Health Access (hereafter called the "State") and Change Healthcare Pharmacy Solutions, Inc. (hereafter called the "Contractor") that the contract on the subject of Vermont Health Services Enterprise Pharmacy Benefit Manager, effective May 1, 2014, is hereby amended effective October 15, 2017, as follows:

**1. By deleting number 9 (Attachments) on Page 2 of 150 and substituting in lieu thereof the following number 9:**

2. **Attachments.** This contract consists of 150 pages including the following attachments, which are incorporated herein:
- Attachment A - Specifications of Work to be Performed
  - Appendix I – Additional Scope of Work
  - Attachment B - Payment Provisions
  - Attachment C - Customary State Contract provisions
  - Attachment D - Other Provisions
  - Attachment E - Business Associate Agreement
  - Attachment F - Customary Contract Provisions of the Agency of Human Services
  - Attachment G - Required Forms
  - Attachment H - Glossary

The order of precedence of documents shall be as follows:

- 1). This document
- 2). Attachment D
- 3). Attachment C
- 4). Attachment A
- 5). Attachment B
- 6). Attachment E
- 7). Attachment F
- 8). Other Attachments

**2. By correcting the Base agreement and Amendment 1 numbering within Attachment A to appropriately reflect the order of the sections as follows:**

- I. Point of Sale Pharmacy Claims Processing System
- II. Provider Support Services
- III. Utilization Management Services
- IV. Pricing and Financial Management
- V. Reporting and Analytics
- VI. Other Services
- VII. System Technical Scope
- VIII. DDI Implementation Task Related Deliverables
- IX. Operational Phase
- X. Post Operational Phase Contract Closure (Turnover Plan)

**3. By deleting within Attachment A, Section V (Reporting and Analytics) beginning on page 14 of 150 of the base agreement and substituting in lieu thereof the following Section V:**

**V. Reporting and Analytics**

The Contractor must provide reporting and analytic capabilities and services that shall support the reporting and analysis of claims data and PBM operations. Specifically, the Contractor must provide: Reporting capabilities that support various roles of PBM operations and user-defined reporting views/screens based upon different roles, security profiles, etc. of various stakeholders; Static or “canned” reports that are generated at predefined intervals and on demand by State users; Parameterized reports that allow State users to select from a defined number of parameters that inform a report; Parameters should include, but not be limited to: date or date range, Member, Member eligibility characteristic, program, drug, pharmacy, etc.); Ad hoc querying and reporting capabilities; capabilities to support graphical data with presentation parameters configurable by the end-user; drill down for more detailed information; capabilities to export reporting data as seen in the report as well as the underlying data used to build the report in a variety of data formats; capabilities to support advanced analysis such as predictive analysis, root cause analysis, identification of statistical outliers; services to define, create and run, as requested by the State, additional static, parameterized and ad hoc reports. The Contractor shall assist the State in designing, preparing, running, and formatting queries, interpreting such data, and provide analysis, input, and recommendations as a result.

Standard reports must include, but are not limited to:

- a. Utilization Reports
- b. Financial Reports
- c. Auditing Reports
- d. Preferred Drug List Reports
- e. Claims Processing Reports
- f. Coordination of Benefits (COB) Reports
- g. Net Cost Reports

**4. By deleting within Attachment A, Section VIII (Design, Development, and Implementation Task-Related Deliverables) beginning on page 18 of 150 of the base agreement (formerly Section VI), and substituting in lieu thereof the following Section VIII:**

**VIII. Design, Development, and Implementation (DDI) Task-Related Deliverables**

**A. Overview**

1. The Task-Related Deliverables table provides a list of deliverables that shall at a minimum, be created or provided by the Contractor during implementation for the initial DDI of all Systems, start-up of services, included in this contract and subsequent implementations related to upgrades, significant enhancements, etc. The State expects that the Contractor shall work with the incumbent Contractors to ensure that there is no disruption of service during the implementation and transition periods as well as future projects that occur after the first “go live”.

**a. Deliverables Expectations Documents**

The Contractor must develop Deliverables Expectations Documents (DEDs), in an approved State form and format. Project deliverables need to adhere to the information within the DED. No work shall be performed by the Contractor on any deliverable until

the DED has been approved in writing by the State. As each project deliverable is submitted, the Contractor must include a copy of the associated Deliverable Expectation Document.

b. Deliverable Acceptance

All Contractor deliverables are subject to review by the State prior to final approval, acceptance, and payment. Acceptance of all Contractor deliverables shall be completed via a Deliverables Acceptance Document (DAD) to be drafted by the State. The State shall have a period of ten (10) business days to review the Contractor deliverables (the "Acceptance Period"). The State may reject the deliverables in full, specifically describing in writing the reason for rejection ("Notice of Rejection"). Contractor shall correct the deficiencies specified in the Notice of Rejection at its sole cost and expense. If the State does not want to reject a deliverable in full, the State may provide notice, within its initial ten (10) business day review, of any deficiencies or changes that must be made to the deliverable in order for the State to approve the deliverable. Within five (5) business days of notice from the State, the Contractor shall make such changes to the deliverable and the Contractor shall resubmit the deliverable to the State for re-approval. If the Contractor does not make the requested changes within timeline, the deliverable shall be rejected in full. Upon delivery of the corrected deliverables, the State shall have a subsequent five (5) business day Acceptance Period to evaluate and accept the deliverable.

If at the end of the Acceptance Period, the State has not issued a signed DAD to Contractor for that deliverable, the State may in its sole discretion, extend the Acceptance Period; provided, however, that the State shall respond within five (5) business days of a written request by Contractor issued after the end of the original Acceptance Period to provide Contractor with the State's status of approval or disapproval for that deliverable.

The DAD shall not be unreasonably withheld by the State. The State shall sign the DAD within the timeframe specified above with both parties receiving a copy thereof.

2. Deliverables shall either be Phase Independent (meaning that the Phases below do not apply to those deliverables) or they shall be completed in Phases as indicated below. The Task Related Deliverables table in Section 3 below will indicate if a deliverable is Phase Independent or if the deliverable is broken out into Phases. A Phase of a deliverable may be submitted for acceptance once all deliverable expectations are completed with respect to the system components or applications associated with the applicable project Phase as specified below:

	<b>Phase 1</b>	<b>Phase 2</b>	<b>Phase 3</b>
<b>Applications Required for each Phase</b>	<ul style="list-style-type: none"><li>• Point of Sale</li><li>• Decision Support System</li><li>• Help Desk</li><li>• Preferred Drug List</li><li>• Prior Authorization Decision Support System</li><li>• Formulary</li></ul>	<ul style="list-style-type: none"><li>• eREBS</li><li>• Rebates Services Portal</li><li>• Business Objects</li><li>Business Intelligence</li><li>• Auto Prior Authorization</li><li>• Pharmacy Care Management</li></ul>	<ul style="list-style-type: none"><li>• Provider Portal (eWEBS)</li><li>• ePrescribing</li></ul>

**STATE OF VERMONT**  
**AMENDMENT TO PERSONAL SERVICES CONTRACT**  
**CHANGE HEALTHCARE PHARMACY SOLUTIONS, INC.**

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	<ul style="list-style-type: none"> <li>• State Maximum Allowable Cost</li> <li>• Specialty Drugs</li> </ul>	<ul style="list-style-type: none"> <li>• PBM Portal (Dashboard)</li> </ul>	
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**3. Task Related Deliverables**

The below table outlines the deliverables set forth within this Agreement. Deliverables will be scheduled and documented in the approved Project Work Plan and Schedule, as described in this Section VIII. **Payment** for deliverables is detailed within Attachment B of this Agreement.

<b>Deliverables Grouped by Task</b>	
<b>Project Initiation Activities (Phase Independent)</b>	
Deliverable 1 — Project Kick-off Presentation	
Deliverable 2 — Project Management Plan	
Deliverable 3 — Project Work Plan and Schedule	
Deliverable 4 — Weekly Project Status Reports Established	
<b>Requirements Analysis (Phase Independent)</b>	
JAD Sessions Complete	
Deliverable 5 — Requirements Methodology and Template	
Deliverable 6 — Cross-Walk of contract Requirements against Contractor's proposed PBMS	
Deliverable 7 — Detailed Functional and Non-Functional Requirements Traceability Matrices	
<b>Business and Technical Design Phase 1</b>	
Deliverable 8.1 — Configuration Design Document Phase 1	
Deliverable 9.1 — Data Integration and Interface Design Document Phase 1	
<b>Business and Technical Design Phase 2</b>	
Deliverable 8.2 — Configuration Design Document Phase 2	
Deliverable 9.2 — Data Integration and Interface Design Document Phase 2	
<b>Conversion Activities (Phase Independent)</b>	
Deliverable 10 – Demonstration of successful initial data conversion	
<b>Configuration and Development Phase 1</b>	
Deliverable 11.1 — Client Review of Configuration Phase 1	
Deliverable 12.1 — Unit Testing Results Phase 1	
<b>Configuration and Development Phase 2</b>	
Deliverable 11.2 – Client Review of Configuration Phase 2	
Deliverable 12.2 — Unit Testing Results Phase 2	
<b>Configuration and Development Phase 3</b>	
Deliverable 12.3 — Unit Testing Results Phase 3	
<b>System Testing Phase 1</b>	
Deliverable 13.1 — Documented System Test Results Phase 1	
<b>System Testing Phase 2</b>	
Deliverable 13.2 — Documented System Test Results Phase 2	
<b>System Testing Phase 3</b>	
Deliverable 13.3 — Documented System Test Results Phase 3	
<b>Acceptance Testing Phase 1</b>	

<b>Deliverables Grouped by Task</b>	
Deliverable 14.1 — User Acceptance Phase 1	
<b>Acceptance Testing Phase 2</b>	
Deliverable 14.2 — User Acceptance Phase 2	
<b>Acceptance Testing Phase 3</b>	
Deliverable 14.3 — User Acceptance Phase 3	
<b>Training Phase 1</b>	
Deliverable 15 — Training Plan	
Deliverable 16.1 — Training Materials Phase 1	
Deliverable 17.1 — Documented Evidence of Successful End-User Learning – Phase 1	
<b>Training Phase 2</b>	
Deliverable 16.2 — Training Materials Phase 2	
Deliverable 17.2 — Documented Evidence of Successful End-User Learning Phase 2	
<b>Training Phase 3</b>	
Deliverable 16.3 — Training Materials Phase 3	
Deliverable 17.3 — Documented Evidence of Successful End-User Learning Phase 3	
<b>POS Implementation (Phase Independent)</b>	
Deliverable 18 — Deployment Plan	
Deliverable 19 — CMS Certification Plan	
Deliverable 20 — System Documentation	
Deliverable 21 — Performance SLAs Reporting Tools and pre-go live results	
Deliverable 22 — Final Data Conversion	
Deliverable 23 — Rollout (Go Live)	
<b>Production Support (Transition to Operations) Phases 1&amp;2</b>	
Deliverable 24.1 & 24.2 - Post go live support plan	
Deliverable 25.1 & 25.2 - Systems Acceptance (punch list completion) (Phase 1 and 2)	
Deliverable 27.1 & 27.2 - Operations and Maintenance Procedure Manuals (Phase 1 and 2)	
Deliverable 28 – Disaster Recovery and Business Continuity Plans (Phase Independent)	
<b>Production Support (Transition to Operations) Phase 3</b>	
Deliverable 24.3 - Post go live support plan	
Deliverable 25.3 - Systems Acceptance (punch list completion)	
Deliverable 27.3 - Operations and Maintenance Procedure Manuals	
<b>Certification of POS</b>	
Deliverable 26.A - CMS Certification – (letter from CMS)	
Deliverable 26.B – Preparation of Certification Evidence Package	
Deliverable 26.C – Enhanced Staffing Support	

4. Project Management
  - i. The Contractor must employ, maintain, and execute a project management methodology that complies with the Project Management Institute (PMI) standards or equivalent. The Contractor must develop and prepare a project management approach, methodology, and plan to be used for all service configuration and deployment project life cycles that follows a Project Management Plan (PMP) conforming to the Project Management Body of

Knowledge (PMBOK). The approach, methodology, and plan must be developed in consultation with and approved by the State. The PMP shall incorporate the following PMBOK knowledge areas:

1. Project Integration Management
  2. Project Scope Management
  3. Project Time Management
  4. Project Cost Management
  5. Project Quality Management
  6. Project Human Resource Management
  7. Project Communications Management
  8. Project Risk Management
  9. Project Procurement Management
  10. Project Stakeholder Management
- ii. For the portions of the project that the Contractor shall use the Agile methodology, the following tools and processes shall be adhered to.
1. Atlassian Jira - Software development / configuration workflow and task management.
  2. Automated build servers - This facilitates frequent builds of new and enhanced application features.
  3. Frequent deployments of fixes and enhancements - Allows business users to provide feedback early and often, creating a better feedback loop between the Contractor's operations and technical staffs.

**5. Project Organizational Approach**

- i. The Contractor shall provide the resources to complete the following activities:
  1. In consultation with the State, prepare, submit and obtain approval for individual project management approaches and plans
  2. In consultation with the State, and subject to State approval, execute and maintain individual project management approaches and plans
  3. Prepare and submit the draft deliverables for State review and comment in accordance with this Contract
  4. Prepare and submit the final deliverables for State review and approval in accordance with this Contract
  5. Abide by the goals, objectives and requirements contained in this Contract
  6. Confirm an understanding of the goals, objectives and requirements contained in this Contract
  7. Prepare and conduct requirements confirmation sessions with all necessary State personnel, other parties designated by the State, such as other State contractors.
  8. Prepare and submit to the State for approval the project management plans for meeting the goals and objectives of the PBMS.
  9. Manage all activities defined in the approved project management plans
  10. Submit for review and approval all changes to the approved project management plans as specified in the Change Management Plan.
  11. Participate with other designated contractors (such as the existing PBM contractor), the MMIS contractor, State personnel and other parties as designated by the State in creating the PBM integrated project management plan
  12. Review and confirm roles and responsibilities that the Contractor has which are part of any other business processes that are the responsibility of other Contractors or the

State

13. Define quality measures to monitor the Contractually required service levels
  14. Manage all business processes using a continual improvement approach and submit improvements to the State for review and approval
  15. Comply with all laws, policies, procedures, and standards dictated by the State in meeting the goals and objectives of the PBMS
  16. Provide an estimate of the number and type of State resources required, recognizing that the Contractor shall remain responsible for the successful implementation of the project
- ii. The State project team shall:
1. Define the goals and objectives of the PBM programs and services throughout implementation and ongoing operations
  2. Communicate the goals, objectives, and ongoing status of the project and program to all stakeholders
  3. Work with stakeholders to identify and monitor project and program risk and appropriate mitigation strategies.
  4. Oversee the project management approach that shall govern the project
  5. Review the draft deliverables and final deliverables developed by the Contractor and provide feedback and required changes for the Contractor to make until the State is satisfied with the resulting deliverable
  6. Review and approve or reject final deliverables developed and revised by the Contractor
  7. Provide access to State management and Subject Matter Experts (SME's) for the approval of the deliverables required to meet the goals and objectives of the project
  8. Provide for the access and archiving of project artifacts in a secured repository.
  9. Manage the procurement of additionally required resources necessary for program success, including (but not limited to) obtaining CMS pre-approval.
  10. Monitor Contractor performance for purposes of determining Contract compliance, provide improvement requests, and approve or reject invoices as detailed in Attachment B of this Contract.

6. Project Monitoring and Status Reporting

Project status shall be tracked and reported on an ongoing basis. Regularly scheduled status meetings between State Project Management Team and the Contractor Account Manager shall be held to discuss project progress, issues, resolutions and next steps. The following standard reporting mechanisms shall be used:

- Status reports
- Issues lists
- Risk management updates

In addition, a Project Information Library (PIL) must be developed and maintained, by the Contractor and overseen by the Contractor Account Manager in a single repository used to store, organize, track, control and disseminate all information and items produced by, and delivered to, the project. The PIL must include a file structure with defined access and permissions. It must also include an interface, such as a Web page or portal, where individuals can obtain project information, the latest documentation, and input issues or comments to the Project Team. The State acknowledges and agrees it will work collaboratively with Contractor, where reasonably practicable, to consider the best approach to perform this function.

The State shall be the owner of all the documents available in the PIL.

At a minimum, the following deliverables must be completed by the Contractor. The Contractor may propose additional deliverables as needed to achieve project goals.

**Project Status Reports (Recurring Deliverable)**

This deliverable must be a recurring deliverable for the entire length of the project. The deliverable must at a minimum include periodic reporting of the following activities:

1. Graphical status of scope, schedule, and budget (red, yellow, or green).
2. Status of work completed against the Project Work Plan
3. Objectives for the next reporting period
4. Contractor and State responsibilities for the next reporting period
5. Recovery plan for all work activities not tracking to the approved schedule
6. Projected completion dates compared to approved baseline key dates
7. Escalated risks, issues (including schedule and budget), and Action items
8. Disposition of logged issues and risks
9. Important decisions
10. Actual/projected Project Work Plan dates versus baseline Project Work Plan milestone dates
11. Budgeted to actual budget figures, and estimated cost at completion (or similar forecast of remaining costs).
12. One-page graphical summary of the Project Work Plan status of all major tasks and subtasks for each cycle

**B. Detailed Scope of Work for Implementation**

**1. Task 1 – Project Initiation and Planning**

At a minimum, the following subtasks must be completed by the Contractor. The Contractor may propose additional tasks as needed to achieve the task goals.

- i. **Deliverable 1** — Project Kickoff Presentation This deliverable is a presentation to familiarize project team members with the project. The presentation includes the following topics:
  1. Project Overview
  2. Project Schedule (high level)
  3. Objectives and Definitions
  4. Process (including change management, change control, and issue/risk management)
  5. Artifacts
  6. Roles and Responsibilities
  7. Keys to Success
  8. Next Steps
  9. Questions and Answers (Q&A)
  10. Resources

- ii. **Deliverable 2**: Project Management Plan

The Contractor shall provide a set of documents that, when taken together, constitute the Project Management Plan that describes how project objectives shall be met and provides a road map for implementing and managing the PBM solution. The approach

shall be consistent with the Project Management Institute Project Management Methodologies stated in the Project Management Body of Knowledge or equivalent.

The Project Management Plan shall address the initiating, planning, controlling, executing, and closing processes. The Project Management Plan shall at a minimum consist of the following sub-plans:

1. Scope Management Plan — this plan documents the project vision and goals, items that are in-scope and out-of-scope and their prioritization, dependencies between the scope items, and risks associated with the inclusion and removal of items from scope. The plan also defines the process used to modify project scope.
2. Cost Management Plan — The Contractor is responsible for developing a plan that indicates how project costs/budget shall be incurred, controlled, and reported. The plan must include the finalized cost and budget for the project. Cost-related progress report formatting shall be developed and included by the Contractor, consistent with AHS requirements and format, with inputs from State team members, and must include a tracking of costs to the project budget baseline.
3. Risk Management Plan — Development of a Risk Management Plan is required. The Contractor, with the support of State team members, must submit a baseline Risk Assessment to the State's Project Manager within one month of the project initiation.
4. Quality Management Plan — The Contractor's plan must have the following elements:
  - a. Defined quality assurance responsibilities
  - b. Detailed definition of all deliverables by phase and associated acceptance criteria
  - c. Defined deliverable review process
  - d. Disciplined deliverable review process
  - e. Regularly scheduled reviews of key project phases and milestones
  - f. Identified target performance areas and proposed methods of measurement; establish the baseline metrics for the agreed upon goal areas; and assist the State in determining the level of achievement of the performance goals.
  - g. The Schedule Management Plan – The plan developed by the Contractor must include the following:
    - How the project schedule shall be monitored for variances
    - What types of corrective actions shall be taken to address schedule variances during the life of the project
    - The process, roles, and responsibilities involved in making changes to the project schedule.
5. Communication Management Plan — The plan must detail the varying levels and needs of the project's stakeholders for information regarding the project, status, accomplishments, impact on stakeholders, etc. As part of Communication Management, issues must be logged and reported bi-weekly and the plan must detail the escalation mechanisms for issue resolution.
6. Closure Approach — upon the completion of the Base and Extension

Operations Periods, the Contractor shall perform all activities necessary to close out the Project. This includes:

- a. Performing formal contract closure
  - b. Updating process documentation and transferring this to the State
  - c. Transitioning any relevant process and/or solution responsibilities over to the State Project team, or to another contracted Contractor
  - d. This includes updating and transferring all solution documentation, performing formal contract closure, and transitioning any relevant solution responsibilities over to the State Project team.
7. Change Management Plan — The Contractor must adhere to the Change Management Plan, which shall be jointly developed by the Contractor and the State and shall incorporate provisions required by Section XI of this Attachment A. The plan shall describe how the Change Control Board (CCB) shall manage the process for review, acceptance and rejection of change requests. For any decisions that cannot be made by the CCB or project management team, the decision shall be escalated.
- a. In the Change Management Plan, change requests shall be:
    - Drafted by the Contractor
    - Reviewed and edited by the State Project Manager
    - Approved or rejected by the CCB with direction from State management, as necessary
    - Implemented by the Contractor, upon effectuation by Contract Amendment or pursuant to the Change Management Plan process, as necessary
    - The Contractor must perform updates to the project schedule and cost estimates when change requests are approved.

iii. Deliverable 3: Project Work Plan and Schedule

The Contractor shall deliver a Baseline Project Work Plan and Schedule, including a Work Breakdown Structure (WBS), Gantt chart(s), and a Project calendar in Microsoft Project. The Contractor shall document any work plan or schedule changes from the plan submitted with the Contractor's original proposal.

The Contractor shall provide a Project Work Plan and Schedule to include identification of all phases of the Project, the sequences of the phases, the duration of the phases, and the duration of the Project. The Project Schedule shall identify the resources to be provided by both the Contractor and the State, together with the scheduled dates those resources shall be required. It shall take into account State holidays, holidays that shall be observed by the Contractor staff, periods during which the State has advised that data processing systems shall be unavailable to the Contractor, and the resources that the State has committed to providing in the Contract. The Project Work Plan and Schedule, once accepted by the State, shall form the Baseline Work Plan and Schedule for the overall PBM Project.

As part of the Project Work Plan and Schedule, the Contractor shall prepare and submit a WBS that encompasses all activities from Project Initiation and Planning to Project Closeout. The WBS shall define the Project's overall objectives by identifying all Project tasks and deliverables.

The Contractor shall maintain and update applicable portions of the Project Schedule no less than bi-weekly to reflect the current status of the Project with a comparison made to

the Initial and Baseline Project Schedules. The Project Schedule shall be consistent with available State and contracted Project resources. The State resources shall be identified by the State and communicated to the Contractor prior to Schedule development. The State shall have direct electronic access to the Project Schedule as well as all deliverables and working papers for immediate review and coordination of schedules and plans.

iv. Deliverable 4: Weekly Status Report

The Contractor shall be required to provide a Weekly Status Report, which shall address overall Project status against the current and Baseline (if different) Project Schedule. It shall cover progress against plans for the previous review period and identify work planned for the next work period, or longer if circumstances dictate. These weekly reports will be complied into a Monthly Status Report which shall address issues and concerns, action items and other pertinent information needed by the Contractor or requested by the State as necessary and applicable to that Phase of the Project. The presentation of the Status Reports shall be both written and oral. Status report meetings shall include both State and Contractor Project management staff.

The Contractor shall provide Weekly Status Reports, updated with the most current information, to include a minimum of the following elements:

1. Milestones reached
2. Major tasks accomplished
3. Schedule Performance Index (SPI)
4. State Approved Scope Changes
5. Risks/problems identified and a detailed report of the planned or completed mitigation thereof
6. Milestones not met on schedule
7. Milestones or critical path items expected to occur during the next month
8. Graphical dashboard of triple constraint (red, yellow, green).
9. Budgeted to actual budget figures, and estimated cost at completion (or similar forecast of remaining costs).
10. One-page table summary of all major milestones completed to date, and those in progress.

2. **Task 2 - Requirements Analysis**

In this task, the Contractor must lead and facilitate the process for reviewing and validating the detailed Functional and Non-Functional Requirements documentation. Throughout this task the Contractor must validate and use the high-level baseline requirements developed during the planning phase and outlined in the following documents:

- Appendix I - Functional Requirements
- Appendix I - Functional Requirements Approach
- Appendix I - Non-Functional Requirements

The Contractor is required to conduct a crosswalk of the high-level baseline requirements against the legacy system functionality to validate and identify any possible gaps in the requirements. The Contractor must also develop their approach for augmenting the existing requirements and crafting design level use cases and workflows to meet all Functional Requirements.

- i. Deliverable 5: Requirements Methodology and Template  
The Contractor must provide a clear and concise layout of how detailed requirements shall be gathered. The requirements template must be robust enough to store and track functional, technical and other operational and performance requirements.
- ii. Deliverable 6: Crosswalk of RFP Functional Requirements Against Legacy System Functionality  
The Contractor must conduct a crosswalk of the RFP Functional Requirements for the solution against the functionality that currently resides in the legacy system to validate and identify and possible gaps in the requirements. The Contractor must document the findings from the crosswalk.
- iii. Deliverable 7: Detailed Functional and Non-Functional Requirements Traceability Matrices  
The Contractor is required to generate more detailed Functional and Non-Functional Requirements traceability matrices by conducting joint meetings with the State Project team and Subject Matter Experts (SME). This deliverable must provide a gap analysis of the requirements to define the services and provide recommendations to close the gaps.

Any recommendations to close specific gaps that require changes to the requirements matrices shall be reviewed by the State and if approved by the State, shall be updated. The State Pharmacy Benefits Management Business Unit Director, Business Lead, IT Lead, supported by the appropriate State Project Team, IT Project Team Members and SMEs shall be responsible for reviewing proposed requirements changes. Approval for changes to the baseline requirements shall only be provided if there is a clear business case for changes, and all possible implications of the change in regard to functionality and technology have been fully understood.

More details for requirements are provided in Template F — Functional Requirements, Template G — Functional Requirements Approach, Template H — Non-Functional Requirements and Template I Non- Functional Requirements Approach.

### **3. TASK 3 — Business and Technical Design and Conversion Activities**

The Business and Technical Design and Conversional Activities task includes system design, interface design, and information exchange design activities. Detailed and logical system design documents produced by the Contractor shall direct the System configuration/development efforts. The design shall be driven by the outputs of the requirements validation phase. These documents provide the framework essential to ensure that the system is constructed consistently and include all the functionality required by the Contract.

The Contractor shall define a software design approach and methodology. The methodology shall reflect and incorporate applicable government and industry best practices such as Capability Maturity Model Integration (CMMI) guidelines.

- i. Deliverable 8: Configuration Design Document  
The Contractor shall deliver a Configuration Design Document, or its equivalent, describing how the proposed System shall enable the Functional and Non-Functional

requirements. The Configuration Design Document artifact must include the following components:

1. Details on which components shall be leveraged from existing systems and which components shall be newly developed
2. Business rules
3. Reporting capabilities and prebuilt reports
4. User profiles and security role permissions
5. System functionality traceable back to the Functional Requirements traceability matrix
6. System overview diagrams
7. Domain model
8. Process flows

The Contractor may propose alternatives to any of these components, but they must be clearly justified and have the prior approval of the PBMS Project team.

All components of the design must be maintained throughout the course of the project and updated when any System design changes occur. The Contractor must conduct a walkthrough of the Configuration Design Document with the PBMS Project team and the QA Provider to validate the contents of the Configuration Design Document, the incorporation of all information from the design sessions, and the incorporation of all Functional Requirements. Approval of the Configuration Design is required before configuration and development can begin.

ii. **Deliverable 9: Data Integration and Interface Design Document**

The Contractor must deliver to the State a Data Integration and Interface Design Document, or its equivalent, reflecting the required interface for operation. This document must be developed based on outputs from the design sessions conducted with the Contractor, QA Provider and Pharmacy Benefits Management Solution Project personnel.

The Data Integration and Interface Design Document must include the following components:

1. Entity Relationship Diagrams
2. Data Flow Diagrams
3. Data Dictionary
4. Processing controls
5. Processes to manage System installation and configuration
6. Data backup procedures

The Data Integration and Interface Design Document must include, at a minimum, the interface definitions and design (including XML/SOAP specifications for file formats). The Contractor must conduct a walkthrough of the final Data Integration and Interface Design Document with the PBMS Project team and the QA Provider to validate the contents of the Data Integration and Interface Design Document, the incorporation of all information from the design sessions, and the incorporation of all Non-Functional Requirements. Approval of the Data Integration and Interface Design Document is required before development can begin.

iii. **Deliverable 10: Demonstration of successful data conversion, transformation and loading from all associated incumbent systems**

**4. TASK 4 — Configuration and Development**

Configuration and Development efforts shall be guided by the outputs of the Requirements and Design tasks. This ensures that the solution is constructed consistently. During this phase, Contractor shall configure the system to satisfy both Functional and Non-Functional Requirements. As part of this task, the Contractor shall provide documentation that shall demonstrate the system configuration.

i. **Deliverable 11:** Client Review of Configuration

The Contractor must deliver a walkthrough of the solution for the Pharmacy Benefits Management Solution Project team and the QA Provider. The walkthrough shall demonstrate how the requirements are satisfied by the Solution.

ii. **Deliverable 12:** Unit Testing Scripts and Results

Unit testing is used to validate that an individual program module or script functions correctly. Each System module that has been configured or developed shall be tested to ensure that all module functionality is working properly. If a module interacts with other modules, the interfaces between the modules are ‘stubbed’ out or removed so that only the module itself is tested in isolation.

The Contractor must deliver the unit test scripts, results, and reports that verify that all requirements have been tested successfully.

**5. TASK 5 — System and Acceptance Testing**

The new System must undergo a series of System, User Acceptance Tests (UAT), Final Acceptance Test (FAT), and Pilot Tests prior to deployment. This includes emphasis on testing new functionality, as well as regression testing of already accepted functionality to ensure that changes to software have not adversely affected existing code. Each phase of testing requires the execution of the previously developed Test Plan, including test cases, scripts, data sheets, and expected results. The tests that are developed must be repeatable and must be directly traceable to the requirements.

System testing, UAT, and FAT must be driven by Requirements and Design, and must adhere to detailed test plans and test scripts. PBMS Project team, Contractor, and QA Provider all have significant roles in the testing process. The Contractor must thoroughly test the software itself before the State UAT and FAT teams begin their work. This includes System/integration testing, volume and stress testing, performance testing, and load balancing testing prior to User Acceptance Testing and FAT. When the Contractor test results are validated by the PBMS Project team and the QA Provider, UAT can commence. Upon the completion of the UAT and FAT, overall readiness shall be assessed and a decision made (GO/NO GO) regarding deployment. A specific Pilot Testing plan will be determined during the Implementation Phase discussions

i. **Deliverable 13:** Documented System Test Results

The Contractor shall be responsible for generating the test data and test cases to be used for its own System test. The Contractor must develop the new System using a structured System life cycle development methodology that includes the following types of test activities:

1. Module Test — validate that an individual program module or script functions correctly
2. Integration Test — ensure that small groupings of modules are working

properly

3. Regression Test — re-running of previously completed test cases after new functionality or bug fixes have been added to the System
- ii. Deliverable 14: User Acceptance

Once the PBMS Project has received the verification of a successful Systems Test from the Contractor and a successful walkthrough of System functionality has been completed, UAT shall begin.

The Contractor shall be responsible for providing on-site support to the PBMS Project during the planning and execution of UAT. Contractor support must involve assistance with following activities:

1. Plan and set up Test environment
2. Develop Test Cases
3. Provide an efficient approach to testing that maximizes parallel and overlapping test activities
4. Explain how development has interpreted requirements
5. Communicate information about problems encountered during earlier test phases
6. Respond to and fix reported defects
7. Determine workarounds to be used during test scenario execution
8. Provide information concerning the content of code builds during test execution
9. Track details and provide summary reporting on testing plans, progress, issues, and interim results during test execution

The Contractor must prepare a UAT report documenting all the test results including any errors and resolutions identified as a part of the UAT test. The UAT report must summarize the UAT results and whether the UAT objectives were met. At a minimum, it must cover:

1. Achievement of UAT objectives
2. Test execution results by test cycle
3. Test execution statistics and trends
4. A plan to address any UAT test issues still unresolved

Pilot testing will include:

1. Simulated real time processing using real-time claims captured from the pharmacy telecommunication switching companies
2. End-to-end pilot test scenarios that are comprehensive, true-to-production, using a segregated claims processing platform including but not limited to the ePA module and Claims processing.

## 6. TASK 6 — Training

The user training, in addition to focusing on the navigation and functional use, shall also focus on how the System is integrated into the day-to-day work of end users, including new business processes and/or workflows related to the State's new PBM Solution. To the fullest extent possible, the training classes shall consist of trainees with similar job duties and materials and approach should reflect a user-specific focus, including the use of user-specific case scenarios. The Contractor shall organize training in an interesting, non-technical manner to keep the trainees' attention. Innovative training aides, case studies, scenarios,

humor, and other learning tools that shall engage the users and support information retention are encouraged.

If implementation of PBM solution is delayed after initial training has been completed, Contractor shall provide refresher training. This training should provide the foundation for ongoing operations training and knowledge transfers (see section VIII Operations Phase) as well as be the base training for all new personnel.

i. Deliverable 15: Training Plan

The purpose of the Training Plan is to identify the activities and define the curricula that State needs to support their PBM Solution and specific transactional training requirements. The Contractor shall include in the Training Plan delivery of user training as well as training State staff so that State may assume ongoing training responsibilities where applicable. In general, the Contractor shall be responsible for ongoing training throughout the Operations Phase. The Contractor shall provide a Training Plan that meets the requirements described above and, at a minimum, the following components:

1. Overview stating the purpose and scope of the Training Plan that meets the requirements of this contract.
2. Training Curricula:
3. Detailed description of the training model for adult learners.
4. Flow diagrams and detail for the training curriculum for each functional area and integration into the end-to-end business process.
5. Specific training curricula targeted and delivered to the different users in a manner that meets their specific needs.
6. Training Materials Development Plans:
  - a. Role of the 'Training Team.'
  - b. Documentation style standards for the development of training material (e.g., document format, references, acronyms, font).
  - c. Plan for review of training material.
  - d. Approach to prototyping and testing training materials with training customers.
  - e. Approach to modifying or adjusting training materials based on the results of the Evaluation of Training Effectiveness.
7. Training Methodology and Delivery Plans:
  - a. Identification of the training mix including, but not limited to, Web-based learning in-person learning, learning-labs, and informal learning. Because of the constraints related to scheduling staff out of the office for multiple training sessions, Contractor shall develop a training mix that leverages use of online training tools and self-guided learning material that is supported by in-person training.
  - b. Identification of plan to motivate and engage users to learn about and use the system and complete the training.
  - c. The logistical plan for preparing and delivering the training solution including, but not limited to,
8. Training Schedule: Schedule and timeline of training development, delivery, and evaluation. Schedule shall align with phased integration of data systems and the associated number of end users.

**9. Plan for Evaluation of Training Effectiveness.**

**ii. Deliverable 16: Training Material**

The Contractor shall develop training materials in such a way as to allow for training to continue beyond initial deployment. All training material becomes the property of the State. This construction includes the ability to modularize the material and embed it into existing State training programs. All training material shall have a consistent look and feel and shall be provided in a soft copy format so that the State may easily make modifications to the materials. All training materials shall be maintained to reflect the latest version of PBM Solution and the changes resulting from evaluations and use during acceptance. All training material shall be maintained online. The Contractor shall be responsible for developing and providing training materials and for training State staff. The Contractor shall employ professional training staff (not technical staff) to conduct training sessions and to prepare training and user materials. The State shall have approval over Contractor-provided staffing used for training and over the format/content of the training to be given. State and Contractor staff shall work together to develop the format/content for the training and user materials that the Contractor shall produce. These materials shall be provided to the State in both hard and soft copy. The State must accept these materials before they are distributed to State staff for use.

1. Training Manuals, Guides, and Materials shall include, but is not limited to:
  2. Instructor/Trainer Guides shall provide the ability for State staff to perform the training on a continuing basis.
  3. Trainee Packages shall provide the trainees exercises and usable examples with which to practice the lessons provided during formal training.
  4. The User's Manual shall be as non-technical as possible and emphasize person-centered service delivery, program collaboration, and related business functions in the explanation of PBM features, functions, modules and tools and the detailed procedures to deliver services. State shall provide input regarding person-centered service delivery, any relevant State policies, and information regarding State business processes. The System User Manuals shall be designed for ease of use so that any user, regardless of his or her function, can readily locate, identify, understand and use the information. The manuals shall include copies of relevant screens with instruction on the use and function of each, including the definition of all data elements. System User's Manuals shall include a catalog of all reports, forms, letters, and other system-generated documents (generated either automatically by the System or by the user). This catalog shall include, at a minimum a copy of each report, form, letter, or document together with a description of its contents and step-by-step instruction on how to produce it.
  5. Desk Aids shall provide, at a minimum, quick access to solutions and information which users most frequently need.
  6. User tips which shall be designed as short messages that can be sent to recent trainees with reminders about short-cuts, features, and other relevant information to promote end-user adoption and use of the new PBM Solution.

- iii. Deliverable 17: Documented Evidence of Successful End-User Training  
The Contractor shall provide Documented Evidence of Successful End-User Training. Evidence shall include at a minimum:
1. Tracking of employee attendance and completion of training courses and modules
  2. An Evaluation of Training Effectiveness
  3. Actions addressing any deficiencies in the proficiency of the current cohort of trainees based on the results of the evaluation of training effectiveness
  4. An action plan to adjust or modify future training based on the evaluation outcomes

## 7. TASK 7 — Deployment/POS Implementation

The Contractor shall produce a detailed and thorough plan for deployment of the planned functionality for each phase.

- i. Deliverable 18: Deployment Plan  
The Contractor shall provide a detailed Deployment Plan that documents all the activities that need to be accomplished to successfully migrate the new System from the testing associated environments to the production environment. The Plan shall provide a detailed schedule of activities with key “go-no go” decision points identified throughout the deployment process. In addition, the plan shall detail a back-out and recovery process to be triggered in the event the turnover to production fails.
- ii. Deliverable 19: CMS Certification Plan, the Contractor shall deliver an acceptable plan that includes but is not limited to:
  - Develop a CMS Certification Checklist
  - Assist the State in preparing certification documents and reports
  - Review and report on the progress and compliance towards CMS Certification
- iii. Deliverable 20: System Documentation  
The Contractor shall conduct a review with the State and identify any documentation that must be updated as a result of changes. The Contractor shall update the documentation and provide it to the State for review and Final Acceptance. The Contractor shall also transfer all finalized required documentation to the State.
- iv. Deliverable 21: Performance SLAs  
The Contractor shall provide ongoing compliance monitoring and reporting for the Service Level Agreements (SLAs) from pre “go-live” state through ongoing operations. Demonstrations of acceptable SLAs are to be included as a ready for “go-live” determination. These SLA’s shall be updated and maintained in detail throughout the duration of this Contract See Appendix I for detailed requirements.
- v. Deliverable 22: Final Data Conversion
- vi. Deliverable 23: Rollout  
The Contractor shall provide notice to the State notice of System Rollout readiness once the following has been completed:
  1. All Deliverables required by the DDI Project Plan have been completed as relevant prior to Rollout of the PBM Solution,

2. All Deliverables required by the DDI Project Plan have been delivered to the State;
3. Contractor determines that the PBM Solution is installed and ready to be operational; and
4. All necessary training is complete for this phase.

This rollout recommendation as well as go or no-go determination accepted by the State, shall thereafter occur on a mutually agreed upon date and when State in its reasonable discretion, deems appropriate. The State shall provide Contractor with advance written notice of the date of Rollout. Contractor shall perform all tasks allocated to Contractor in the Deployment Plan, including but limited to all appropriate stakeholder notifications and shall otherwise provide sufficient assistance to the State in connection with the Rollout to assure a smooth and seamless Rollout.

**8. TASK 8 — Certification and Production Support (Transition to Operations)**

i. Deliverable 24: Post go-live support plan

The post go-live support plan will detail the level of support resources that will be available including but not limited to call center, clinical staff for PA and exception processing, systems technical staff, for the following time periods: the first 24 hours of system operations, the next 48 hours, first week, subsequent two weeks, first month. The plan will be co-developed between the State and the Contractor

ii. Deliverable 25: Systems Acceptance (punch list completion)

The systems acceptance document will be a formal acceptance document signed by the State and the Contractor indicating acceptance of the system as production and agreeing to the transition to the Operational Phase. The document will be accompanied by the punch list that is a record of the defects and issues discovered from the point of “go-live” (turning on the system to processing of live data) to a point in time that is mutually agreeable to both parties but no less than two weeks post go live.

iii. Deliverable 26:

A. CMS Certification – (letter from CMS)

The Contractor must ensure that the PBM Solution obtains CMS Certification to receive the maximum allowable Federal Financial Participation. Contractor shall work closely with the State and CMS executing the Certification Plan and completing the checklist to identify, remediate where necessary, and thereby meet all certification criteria. Completion of this task shall be indicated upon State receipt of the CMS certification letter from CMS.

B. Certification Evidence Package Submittal to CMS

The Contractor shall prepare and submit the Certification Evidence Packages to the State for submission to CMS as identified pursuant to the Certification Plan. Completion of this task shall be indicated upon submission by the State of its application letter for Certification to CMS.

C. Enhanced Staffing Support for CMS Certification

The Contractor shall provide enhanced staff support of a .40 FTE Certification Lead through December 31, 2017, as described in the accepted Certification Plan. Enhanced staff support may be discontinued without penalty prior to 12/31/2017 upon completion of Deliverable 26.A (CMS Certification Letter from CMS).

**Deliverable 27: Operations and Maintenance Policy and Procedure Manuals**

**Required Project Policies, Guidelines and Methodologies**

The Contractor shall comply with all applicable laws, regulations, policies, standards and guidelines affecting information technology projects, which may be created or changed periodically. It is the responsibility of the Contractor to remain abreast of new or revised Laws, regulations, policies, standards and guidelines affecting project execution. Agency specific confidentiality and privacy policies, such as Health Insurance Portability and Accountability Act (HIPAA) may apply, and shall be communicated to the Contractor by the State.

**Deliverable 28: Disaster Recovery and Business Continuity Plans, Testing Schedule**

The Disaster Recovery Plan (DRP), Business Continuity Plan (BCP), and Testing Schedule (TS) shall be prepared for the implementation and ongoing operation of the Pharmacy Benefits Management System.

The Disaster Recovery Plan shall combine the processes and procedures that will be enacted to restore the Contractor's operation in the event of a declared disaster. The DRP will allow the Contractor to quickly determine the appropriate actions to be taken during an interruption or disaster. Disaster Recovery is part of the overall Business Continuity Plan, but shall be represented in a separate document. The DRP document shall be submitted to the State and shall be in compliance with the State's Enterprise Architect and Security standards.

The Business Continuity Plan shall provide procedures for dealing with emergency situations that may render critical business units and/or processes unable to perform or operate. The BCP shall describe the Contractor's assumptions and objectives, while protecting Personal Health Information. A copy of the BCP shall be submitted to the State.

The Testing Schedule shall detail the steps that the Contractor shall take to ensure that the Disaster Recovery and Business Continuity Plan are kept up-to-date and function as requested and required by the State.

**Application Security Standards**

1. The Contractor shall review the application and certify it meets the following: Identify the key risks to the important assets and functions provided by the application and conduct an analysis of the Top 25 software errors (<http://cwe.mitre.org/top25>), or most common programming errors, and document in writing that they have been mitigated.
2. Ensure all application code and any new development meets or exceeds the OWASP Application Development Security Standards outlined on the [www.OWASP.org](http://www.OWASP.org) site (currently

[https://www.owasp.org/images/4/4e/OWASP\\_ASVS\\_2009\\_Web\\_App\\_Std\\_Release.pdf](https://www.owasp.org/images/4/4e/OWASP_ASVS_2009_Web_App_Std_Release.pdf)  
f) and document in writing that they have been met.

3. Contractors shall be expected to make the following warranties:
  - a. The Contractor has all requisite power and authority to execute, deliver and perform its obligations under the Contract and the execution, delivery and performance of the Contract by the Contractor has been duly authorized by the Contractor.
  - b. There is no outstanding litigation, arbitrated matter or other dispute to which the Contractor is a party which, if decided unfavorably to the Contractor, would reasonably be expected to have a material adverse effect on the Contractor's ability to fulfill its obligations under the Contract.
  - c. All deliverables shall be free from material errors and shall perform in accordance with the specifications there for.
  - d. Each and all of the services shall be performed in a timely, diligent, professional and work person-like manner, in accordance with the highest professional or technical standards applicable to such services, by qualified people with the technical skills, training and experience to perform such services in the planned environment. At its own expense and without limiting any other rights or remedies of the State hereunder, the Contractor shall re-perform any services that the State has determined to be unsatisfactory in its reasonable discretion, or the Contractor shall refund that portion of the fees attributable to each such deficiency.
  - e. The Contractor has adequate resources to fulfill its obligations under the Contract.
  - f. Virus Protection. Contractor warrants and represents that any time software is delivered to the State, whether delivered via electronic media or the Internet, no portion of such software or the media upon which it is stored or delivered shall have any type of software routine or other element which is designed to facilitate unauthorized access to or intrusion upon; or unrequested disabling or erasure of; or unauthorized interference with the operation of any hardware, software, data or peripheral equipment of or utilized by the State.

**5. By deleting Section IX. Operational Phase, Subsection C. Change Management beginning on page 36 of 150 of the base agreement (formerly section V) and substituting in lieu thereof the following Section IX.C:**

**C. Change Management**

1. Contractor shall provide and maintain a documented change management process to be used in support of all system, service, change requests which encompasses application support change requests or task orders to be approved by the State (according to Section XI). This process shall comply with Section XI of this Attachment A and be aligned with PMI® standards for all project initiatives and facilitate the tracking of source code, documentation, problem logs, change requests, approvals, decisions, and implemented changes for both operational and in-development modifications. This process shall comply with Section XI of this Attachment A and be aligned with ITIL standards for system and process change management.

2. Contractors shall continue to use the change management processes after initial contract award to ensure clear documentation of additions or changes to the baseline contract requirements and to better define

change process differences based upon the size of the change and the impact to the project. Contractor shall deliver a comprehensive Change Management Plan to the State, as described in Section XI, that outlines how changes shall be documented, controlled and implemented, including any process changes the State specifically requires and ensures compliance with the requirements of Section XI of this Attachment A.

3. In general, these project changes shall result in enhancements or adjustments to the baseline scope of work performed by Contractor for the State and may require a Contract Amendment to be effectuated as provided in Section XI of this Attachment A.

Such changes encompass but are not limited to:

- New state or federal policy;
- Changes to existing state or federal policy;
- Change in industry standards followed by the Contractor or the state;
- Changes to data sets or systems maintained by our business partners;
- The desire for new or enhanced services or functionality; or
- A change in circumstance requiring change to approved or planned activities or projects.

4. Any State stakeholder may request a change; however, it must follow the procedures specified in the Change Management Plan.

5. After a formal request is received by the State or the Contractor, the request shall be logged, assigned a tracking ID number, and stored (with all other supporting documentation) electronically within Contractor's and State's document management system and a location allocated specifically for the request. If there are any clarifying questions or information that the State or Contractor needs, they shall be provided to the State Contract Manager or the Contractor's point of contact.

**6. By adding the following new Section XI. Change Request Process as the last section of Attachment A:**

**XI      Change Request Process;**

The following process shall be incorporated into all Change Management Plans and processes under this contract and shall be utilized to effectuate Change Requests and Task Orders.

Changes to the Contract during its term may incur additional costs and possible delays relative to the project schedule, or may result in less cost to the State (for example, the State decides it no longer needs a deliverable in whole or part) or less effort on the part of a selected vendor. A Change Request shall define the effort involved in implementing the change, the total cost or associated savings to the State, and the effect, if any, on the project schedule. Minor changes to the Contract, such as frequent and/or multiple minor changes to the project schedule or deliverables as defined in the Change Management Plan, may be effectuated through this Change Request process without undue project delays.

Any change that alters the essential terms of the original contract, including any change that expands or decreases the statement of work, the contract duration, the payment terms and/or the contract maximum amount, shall require a Contract Amendment in accordance with State contracting policies and procedures. For these types of changes, the Change Request process shall be followed, but under no circumstances may these Change Requests that alter the essential terms of the original contract be effectuated prior to execution of a Contract Amendment where a Contract Amendment is otherwise

required pursuant to the Contract Amendments, Approval and Execution process set forth in State Administrative Bulletin 3.5.

Change Requests will be developed jointly and every effort will be made to adhere to the approved Project Plan and Change Management Plan. The Project Manager for the State and the Project Manager for the Contractor will decide whether a Change Request is necessary. If a Change Request is necessary, the Project Manager for requesting party will prepare a Change Request detailing the impacts on scope, schedule, deliverables, resources, and cost. The Change Request must be submitted to the non-requesting party for review. The non-requesting party will either approve or deny the Change Request in writing within (10) business days. In no event shall any delay in the approval or denial of a Change Request constitute a deemed approval by the State.

The State will not pay for the effort involved in developing a Change Request. The Contractor shall bear the cost of estimating the cost or savings, time, and Contractor resources required to implement all Change Requests forthcoming from the State during the course of the Project.

All Change Requests that are mutually agreed upon must:

- a. Be submitted using the Change Request form provided by the State and describe, with specific reference to the applicable section(s) of the contract, what is being added, deleted or otherwise modified;
  - b. be signed by both the State and the Contractor;
  - c. include the original contract number and a sequential Change Request number;
  - d. include Contractor certifications regarding Taxes, Debarment, and Child Support, as detailed in State Administrative Bulletin 3.5, Section XIII(A)(c); and
  - e. be consolidated into a formal Contract Amendment whenever an amendment would otherwise be required by State Administrative Bulletin 3.5.
7. **By deleting the Implementation Organization Chart on page 63 of 150 of the base agreement.**
  8. **By deleting the Operations Organization Chart on page 64 of 150 of the base agreement.**
  9. **By deleting Appendix I (Additional Scope of Work Requirements) beginning on page 65 of 150 of the base agreement and substituting in lieu thereof the Appendix I beginning on page 25 of 78 of this Amendment 3.**
  10. **By deleting Attachment B (Payment Provisions) beginning on page 101 of 150 of the base agreement, and as previously amended, and substituting in lieu thereof the Attachment B beginning on page 63 of 78 of this Amendment 3.**
  11. **By deleting Attachment E (Business Associate Agreement) beginning on page 123 of 150 of the base agreement and as previously amended, and substituting in lieu thereof the Attachment E beginning on page 71 of 78 of this Amendment 3.**
  12. **By deleting Attachment G (Required Forms) beginning on page 135 of 150 of the base agreement, and substituting in lieu thereof the Attachment G beginning on page 78 of 78 of this Amendment 3.**

**STATE OF VERMONT  
AMENDMENT TO PERSONAL SERVICES CONTRACT  
CHANGE HEALTHCARE PHARMACY SOLUTIONS, INC.**

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AMENDMENT #3**

- 13. By deleting within Attachment H (Glossary of Terms) the definition “Dashboards” which appears on page 139 of 150 of the base agreement and substituting in lieu thereof the following definition of “Dashboards”:**

<b>Dashboards</b>	Display of Key Performance Indicators (KPIs) or business metrics using intuitive visualization, including charts, graphs, dials, gauges and/or traffic lights that indicate the state of various KPIs against targets.
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- 14. Taxes Due to the State.** Contractor further certifies under the pains and penalties of perjury that, as of the date this contract amendment is signed, the Contractor is in good standing with respect to, or in full compliance with a plan to pay, any and all taxes due the State of Vermont.

- 15. Certification Regarding Suspension or Disbarment.** Contractor certifies under the pains and penalties of perjury that, as of the date this contract amendment is signed, neither Party nor Party's principals (officers, directors, owners, or partners) are presently debarred, suspended, proposed for debarment, declared ineligible or excluded from participation in federal programs, or programs supported in whole or in part by federal funds.

Party further certifies under pains and penalties of perjury that, as of the date that this Agreement is signed, Party is not presently debarred, suspended, nor named on the State's debarment list at:  
<http://bgs.vermont.gov/purchasing-contracting/debarment>.

- 16. Child Support** (Applicable to natural persons only; not applicable to corporations, partnerships or LLCs):

Contractor is under no obligation to pay child support or is in good standing with respect to or in full compliance with a plan to pay any and all child support payable under a support order as of the date of this amendment.

This amendment consists of 78 pages. Except as modified by this amendment and any previous amendments, all provisions of this contract, (#34056) dated May 1, 2014 shall remain unchanged and in full force and effect.

**STATE OF VERMONT  
DEPARTMENT OF VERMONT HEALTH ACCESS**

e-Signed by Cory Gustafson  
on 2017-10-27 19:24:26 GMT

October 27, 2017

CORY GUSTAFSON, COMMISSIONER      DATE  
NOB 1 South, 280 State Drive  
Waterbury, VT 05671-1010  
Phone: 802-241-0239  
Email: [Cory.Gustafson@vermont.gov](mailto:Cory.Gustafson@vermont.gov)  
AHS/DVHA

**CONTRACTOR  
CHANGE HEALTHCARE PHARMACY SOLUTIONS,  
INC.**

e-Signed by Denise Ceule  
on 2017-10-27 14:06:55 GMT

October 27, 2017

DENISE CEULE  
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CONTRACTOR

**STATE OF VERMONT  
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**APPENDIX I  
ADDITIONAL SCOPE OF WORK REQUIREMENTS**

The Contractor agrees to the following provisions:

<b>Point-of-Sale (POS)</b> The Contractor's POS claims processing system must support online, batch and periodic electronic prescription refills and notifications and interface with billing providers regarding the disposition of a claim (e.g., it is payable, denied, etc.) containing unique identification numbers.	<p>The Contractor's POS claims processing system must adhere to the most current version of the National Council for Prescription Drug Program (NCPDP) Implementation Guide functionality for Governmental Programs to allow appropriate reimbursement and coordination of a Member's benefits.</p> <p>The Contractor's POS claims processing system must support NCPDP Multi-Ingredient Compound functionality to process compounded claims in accordance with current Department policy and procedures.</p> <p>The Contractor must support implementation and ongoing support of providers' interaction with the Contractor's POS systems including, but not limited to, the following</p> <ol style="list-style-type: none"><li>1. Establish testing procedures</li><li>2. Coordinate with network Contractors to ensure smooth operation of the POS system</li><li>3. Certify provider practice management systems (e.g., service bureaus, switches, etc.) as compatible and ready to interface with the Contractor's POS system</li></ol> <p>The Contractor's POS claims processing system must be capable of adding, changing, or removing adjudication rules, edits, and customized transmission messages to accommodate Department-required changes for its current and future pharmacy programs.</p> <p>The Contractor's POS claims processing system must support, at a minimum, the following:</p> <ol style="list-style-type: none"><li>a. The ability to track and report on the specific adjudication rule in effect by date of service and date of payment, and the date the rule was changed, added or deleted</li><li>b. Adjudication rules customized for each of the Department's programs by category codes within Medicaid, eligibility status, Member attributes (e.g. age, sex, medical condition, etc.), ambulatory, long-term care, hospice or other residential setting, drug or drug class (e.g. brand/generic status, drug coverage status, preferred drug list status or other attributes), Medicare-Medicaid dual eligible status and other criteria specified by the Department.</li><li>c. The ability to look up the PDL status of a drug at a claim and NDC level</li></ol> <p>The Contractor's POS claims processing system must support unique edit and claims processing logic as specified by the Department for each of its individual programs including, at a minimum, the following:</p> <ol style="list-style-type: none"><li>a. Prescriber Validation – Validate the prescriber entry on the claim using either a National Provider (NPI) check digit or an HC1dea National Provider Identifier/DEA Lookup from the NCPDP, and/or the Department's Master Provider Index as specified by the Department.</li></ol>
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|--|
| b. Co-Payments – Calculate different co-payment amounts for different pharmacy programs, for different drugs, and for beneficiaries based on age or any other specifications provided by the Department.   |
| c. Prior Authorization (PA) Requirements – Edit for drugs requiring PA or bypass PA requirements when authorization is granted for the date of dispensing or automated authorization is allowed based on pharmacy or medical claims history files. In particular, system must be capable of displaying expiration dates of prior authorizations at POS.        |
| d. Diagnosis-Specific Requirements – Edit for drugs requiring submission of specific diagnosis codes.  |
| e. Age-Specific Requirements – Edit for drugs requiring specific Member age restrictions   |
| f. Other Reference Files – Apply Department-specified payment criteria based on First DataBank, Medi-Span, or other reference files approved for use by the Department.  |
| g. Preferred Drug List and Other Formulary Requirements – Deny payment for drugs requiring PA, non-preferred, non-covered drugs or drug classes not covered by a Member's pharmacy program and notify the provider through an online, real-time response. Exceptions must be allowed when approved by the Department or based on Department-approved criteria. |
| h. Authorized Providers – Limit payment for selected drugs, classes, or specific Department programs to authorized prescribers as designated by the Department. For example, limit certain dosage forms of buprenorphine to prescribers with an X-DEA number.  |
| i. Compounded Drugs – Capture, edit, and adjudicate compounded drug claims as specified by the Department. Must be able to apply edits at ingredient level detail  |
| j. Quantity, Days Supply, and Frequency of Service – Validate claims to assure that the quantity of services is consistent with the Department's policy (i.e., verify drug specific minimum and maximum quantity limitations are followed including any days supply limitations and frequency limitations).  |
| k. Benefit Restrictions – Impose pharmacy benefits restrictions that apply to a given recipient including, but not limited to: benefit restrictions based on the lock-in program, living arrangements (e.g., ambulatory versus long-term care settings), and eligibility for the Department's different pharmacy programs.                                     |
| l. Approved Manufacturers – Deny payment for drugs distributed by manufacturers not participating in the federal manufacturer drug rebate program, except as directed by the Department for specific pharmacy programs or products.  |
| m. Proposed Less-Than-Effective Drugs – Deny payment for drugs that the federal government has identified as proposed less-than-effective under the Drug Efficacy Study Implementation (DESI) program and as identical, related, or similar to such drugs.   |
| n. Other CMS-Restricted Drugs – Deny payment for any drug that CMS identifies as restricted  |
| o. Sanctioned Providers – Deny payment for sanctioned providers (e.g., pharmacies or prescribers) designated, and as provided to Contractor, by the federal government and the State.  |
- The Contractor's POS claims processing system must provide NCPDP standard messages in addition to customized transmission response messages as specified by the Department for its current or future programs including, but not limited to, the following:
- a. Bill [Health Plan] and [phone number]

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b. Bill Medicare Part B	c. Bill Medicare Part D [name] and [phone number]	d. Program has no pharmacy benefit	e. Bill as Medical Supplier	f. PA expires on [date]	g. Drug not covered – included in long-term care per diem rate	h. Doctor not authorized, pharmacy not authorized, doctor/NDC not authorized, or pharmacy/NDC not authorized related to the Lock-In Program (message must return authorized pharmacy)	The Contractor must be able to process POS, batch electronic claims (e.g. batch adjustments), and paper claims. Paper claims to be processed by the Contractor within 14 days of receipt	The Contractor must create electronic imaged copies of all paper claims and attachments within 24 hours of receipt.	The Contractor must notify the Department staff of any and all claims that have been erroneously processed by the claims processing system, and present a corrective action plan to the Department within five business days. The Contractor must initiate corrective actions, at no additional cost to the Department, only after the written approval of the Department.	The Contractor must analyze probable erroneous payments that have been brought to the Department's attention by providers or that have been identified through the Department's evaluation of paid claim samples.	The Contractor must base its POS transmissions and batch electronic transmissions on NCPDP and other required transactions and code sets. As additions and updates are available, the Contractor must continue to be in compliance and, at no additional cost to the Department, the Contractor must:	a. Implement new and updated NCPDP and other required transactions and code sets	b. Maintain compatibility with pharmacies using the previous version data elements and those providers using the updated version(s), according to the timeline approved by the Department	The Contractor must adjudicate primary, secondary, and tertiary pharmacy claims for the Department's current programs and any future programs consistent with the Department's coverage and reimbursement policies and procedures specified in the Vermont Provider Manual, the Pharmacy Provider Manual, Department PDL, the VT Medicaid State Plan, and other Department documentation. The Department's current programs are:	a. Medicaid	b. Dr. Dynasaur	c. VPharm	d. Healthy Vermonters	e. VMAP(Ryan White HIV MA program)
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f. Dual Eligibles
g. General Assistance
h. Long Term Care
The Contractor must provide automated audit trails to document, identify, and track chronological records and transactions throughout the Contractor's systems including, but not limited to, additions, deletions, and changes to PDL and formulary maintenance
Contractor's System must be capable of recording the PDL status of a drug on an NDC level, and capable of a look-up or query of PDL status of a drug on an NDC level.
Contractor's must maintain detailed electronic documentation outlining the specific benefit design structure that supports and represents the Department's pharmacy benefits in the Contractor's system
The Contractor must provide functionality to apply different reimbursement logic or benefit coverage as specified by the Department including, but not limited to, the following:
a. Ingredient Cost and Dispensing Fee Payments based on pharmacy network for compounded drugs, 340B drugs, specialty drugs, and other
b. Based on program, category code or other program specifications, Member age, drug or drug class, Medicare-Medicaid dual eligibility, beneficiaries residing in a nursing facility, and other
c. The State "Tower of" reimbursement logic as outlined in the Vermont Medicaid State Plan included in the Procurement Library
<b>Coordination of Benefits (COB)</b>
The Contractor must validate claims to determine whether there is a liable third party (or parties) that must be billed prior to billing the Department's programs including, but not limited to, the following:
a. Denying payment for claims when a Member is covered by one or more carriers until the billing provider indicates the claim has been fully adjudicated (paid or denied) by the other payer(s)
b. Utilizing the Department's, Contractor's or external sources of TPL data and eligibility records to ensure that all payment opportunities are exhausted
c. Processing claims where multiple third parties are liable, at a minimum, must be able to correctly process claims where either the Department or an external insurer is the tertiary payer. Must be able to identify and/or assign multiple funding sources depending on the payer, if the payer is an Agency program.
d. Overriding COB editing as specified by the Department
e. Maintaining indicators to identify Medicare Part B drugs and process the claim balance remaining after subtracting the Medicare Part B payment for beneficiaries dually enrolled in Medicare and any of the Department's programs
f. Coordinating benefits automatically with all primary payers including capturing and storing the primary payer's data
g. Obtaining maximum cost avoidance and reimbursement for beneficiaries covered by third parties
The Contractor must report TPL plan information to billing providers when another payer is primary (or available) including, but not limited to:
a. Payer names, identifiers, addresses, phone numbers

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- b. The payer's Bank Identification Number (BIN) and Processor Control Number (PCN).

The Contractor must be able to support the Department's current COB process for mail order pharmacy coverage from another insurer.

**Provider Support**

The Contractor must maintain telephone support for technical and business operations. Vermont office hour coverage and off-hours coverage will be determined during the implementation/JAD phase. The Contractor must maintain call center services and help lines to respond to providers about questions and issues including, but not limited to, general eligibility questions, claims inquiries, prior authorizations, operational questions and problems, clinical/drug inquiries, and general provider support. The Contractor must supply all required information systems, telecommunications, and personnel to perform these operations. Each of the following help lines must be available through a designated telephone number:

- a. Pharmacy Support Services Help Line available toll-free 24 hours a day, during every day of the year, including all holidays to respond to questions on coverage, claims processing, pricing, reimbursement and other pharmacy-related issues. At a minimum, the call center will be staffed 7:30am-6:30pm Monday through Friday, and 7:30am-4pm on Saturdays with remaining hours supported through on-call services.
- b. Prescriber Support Services Help Line (including toll-free telephone and toll-free fax access) available 24 hours a day, during every day of the year, including all holidays, to handle PA requests from prescribers, drug dispensing questions, or other requests from providers. At a minimum, the call center will be staffed 7:30am-6:30pm Monday through Friday, and 7:30am-4pm on Saturdays with remaining hours supported through on-call services.

The Contractor must provide operational and customer service that is scalable to meet the Department's future needs and includes, but is not limited to, the following:

- a. An automated call distribution voice-response system;
- b. Capacity to handle all telephone calls at all times including times of peak call volume and to meet the Department's needs and performance expectations with acceptable call completion and abandonment rates
- c. Management tracking and reporting capabilities
- d. A Quality Assurance program that includes call sampling and follow up to confirm efficient handling and caller satisfaction
- e. Language translation services
- f. Call response from individuals with hearing or visual impairments
- g. Access to a pharmacist consultant 24 hours a day, during every day of the year, including all holidays
- h. A reference document with guidelines on how to handle caller inquiries
- i. A backup system available to operate in the event of line trouble or other problems

The Contractor must implement and maintain a provider contact and problem resolution tracking and document management system which, at a minimum, documents and tracks contacts with providers, identifies issues and describes the problem resolution. The Contractor must prepare an analysis of the issues which must be reviewed with Department staff at regularly scheduled meetings at the Department's discretion.

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Contractor must prepare and distribute (subject to the Department's approval) all provider communications including but not limited to, provider notices, newsletters, operational, programmatic, or system changes of any type that impact providers, and clinical notices such as changes to drug coverage. Communications must be distributed in a variety of formats including, but not limited to direct mail, Contractor web portal, The State's website, email, fax, phone.

The Contractor must interface with the State of Vermont's Master Provider Index database in order to maintain a database of current contact information for providers. The Contractor must research any undelivered provider communication and make reasonable attempts to identify a new address for such providers.

The Contractor must design, develop, and implement customized provider portals for the Department that support the needs of the pharmacy programs. Contractor must support, update, and maintain the portals to meet the needs of the Department. The Contractor must guarantee any data exchange on its website between the Contractor and the Department and/or providers shall be secure.

The Contractor must update its portals, maintained for the Department, after the content of such updates has been approved by the Department. The Contractor's postings to its website must include, but not be limited to:

- a. Important communications and alerts to providers
- b. Drug Utilization Review (DUR) Board meeting schedules, meeting agendas and notices, policies, meeting minutes, member contact information
- c. Other Department-designated committee activities.
- d. Provider forms and reference policies or links to forms and policies, if applicable.
- e. Drug information including the Vermont Preferred Drug List (PDL), special drug policies, Maximum Allowable Cost (MAC) policies and prices, frequently asked questions from manufacturers or providers.
- f. Manuals including the Pharmacy Claims Processing Manual and links to the Vermont Medicaid Provider Manual.
- g. Special provider policies and requirements including e-prescribing support.
- h. Web-based PA requests.
- i. Other documents as specified by the Department

Contractor must keep current electronic versions of Department-approved Pharmacy Provider Manual which must include payer sheets, instructions on POS, batch, and paper claims processing. The Contractor must post the Manual(s) on the provider portals and/or website and, on an on-going basis, maintain and update these manuals. Any modifications must be submitted to the Department for approval prior to implementation of revisions.

**Part 2: Prescribing**

The Contractor must provide electronic prescribing companies (e.g. SureScripts, AllScripts,) access to the data for the Department's various programs including, but not limited to:

- a. Member eligibility
- b. Preferred Drug List including drug's PDL status, alternative choices within the class and their PDL status
- c. Member drug claims history
- d. Other Department specified data.

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The Contractor must work with the Department to meet the Department's goals for electronic prescribing and for providing information to prescribers and pharmacies promoting electronic prescribing

The Contractor must provide, at a minimum, monthly reporting on e-Prescribing activities such as number of e-prescriptions, number of requests for eligibility, medication history, or PDL inquiries, and any technical or operational issue identified during the specified time period. Contractor must have quality assurance process in place to assure system integrity and display of required information.

**Prior Authorization Program**

1. Implementation of the operational processes to support drug coverage decisions for all clinical and non-clinical criteria
2. Operation of a provider call center staffed with appropriate clinical personnel
3. Notifications of decision to providers and beneficiaries
4. Compliance with all Department PA rules, regulations, and policies
5. Support of the grievance and appeal process
6. Detailed reporting and analysis on all aspects of the PA program

The Contractor must comply with all Department PA requirements including, but not limited to, providing a telephone call center which must:

1. Be accessible 24 hours a day, during every day of the year, including all holidays – except for Contractor downtime approved in advance by the Department
2. Support PA processing through toll-free telephone, toll-free facsimile, mail, and web-based requests through provider portal

3. Be compatible with real-time electronic editing of medication requests based on current paid claims history, Member eligibility, provider eligibility, and reference medical data supplied to the Contractor
4. Be staffed with appropriate technical and clinical personnel including clinical pharmacists

The Contractor must have functionality to automatically override PA requirements during POS processing based on data available from pharmacy claims paid by the Contractor and on medical claims history files provided by the Department to the Contractor.

The Contractor must include a review of the Member's eligibility record as part of their PA processing to retrieve the information needed for PA determinations including, but not limited to:

- a. Program eligibility
- b. Existence of authorized prescribers
- c. Existence of program coverage restrictions
- d. Existence of alternative insurance (ex. Part B or primary commercial coverage)
- d. Other elements specified and approved by the Department

The Contractor's PA process must allow determinations based on various data elements identifying drug products including, but not limited to, the following:

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- a. The first 9-digits of a product's NDC
- b. First DataBank, Medispan, or equivalent, therapeutic classification system

The Contractor must send required notifications to the Member and provider when PA is approved or denied. Notifications must include the required components as outlined by the State.

The Contractor must coordinate and provide support to the Department and other State personnel who oversee the appeals process if an appeal results from a denied PA.

The Contractor must interface with the State of Vermont's Master Person Index database in order to maintain a database of current contact information for beneficiaries. The Contractor must research any undelivered Member communication and make reasonable attempts to identify a new address for such beneficiaries.

The Contractor must allow for the dispensing of at least a 72-hour supply (or other Department-approved amount) of a drug product in an emergency situation as specified by the Department, except for non-covered drug classes or products.

The Contractor must maintain an electronic version of a PA policies and procedures manual, including, but not limited to:

- a. Clinical criteria
- b. Department-approved product protocols
- c. Criteria for PA processing

The information shall be available on The State's website and/or the provider portals

The Contractor must provide a PA system, accessible to designated state staff and providers, which maintains and allows the query of all pertinent information about PA requests and determinations including, but not limited to, the following:

- a. Requesting provider name
- b. Date and time of request
- c. Member identifiers
- d. Requested drug name, strength, form, and quantity
- e. Program eligibility of the Member
- f. Request status (i.e., approved, pending, denied)
- g. Reason for denial or exception
- h. Authorization begin and end dates
- i. Date and time of action on the request
- j. Authorization of a 72-hour emergency drug supply
- k. Comprehensive and flexible "free-text" notation functionality.

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The Contractor's PA system must have flexible administrative reporting and include functionality to retrieve and track PA determinations using multiple search fields including, but not limited to: pharmacy program, Member name, Member unique identification number, provider name or ID, drug, date of authorization, and authorization status

The Contractor's system must include functionality to support the Team Care and Pharmacy Home (Prescriber/Pharmacy Lock-In) programs including, but not limited to, the following:

- a. Implement claims processing customized edits and transmission messages
- b. Support Member lock-in for a specific drug, drug class, drug DEA schedule, and other parameters as defined by the Department
- c. Support the capability to lock members into one or more specific providers (pharmacies and/or prescribers).
- d. Support identification of potential Team Care eligible beneficiaries in the claims processing system using state defined criteria.
- e. Provide detailed reporting information to the Department on program activities including, but not limited to, prescription utilization, cost per Member, and parameters of the lock-in

The Contractor must comply with State and federal policies and procedures for Member or provider appeals including, but not limited to, the following:

- a. Notifying providers and beneficiaries of their appeals rights in accordance with the Department's policy
- b. Coordinating with State personnel who oversee the grievance and appeals process
- c. Preparing the appropriate reports and documents to support the Contractor's actions resulting in the request for an appeal from a Member or provider
- d. Providing the services of a clinical pharmacist to engage in peer discussions with state Medical Director and other Department clinical personnel to address an appeal related to pharmaceutical benefit services
- e. Providing resources to address appeals related to claims disputes
- f. Complying with the mandates and timelines stipulated by the Department

The Contractor must continuously review and evaluate PA protocols and criteria, and the appropriateness of continued PA, suggestions for drugs appropriate for electronic or manual PA's. These reviews and evaluations must encompass drugs processed through the pharmacy benefit and physician-administered drugs processed through the medical benefit. The Contractor must analyze historical PA determinations and drug claims data and must provide quarterly recommendations and protocols for PA to the Department for review and approval.

The Contractor must provide detailed monthly operational, clinical, and financial reporting on all prior authorization activities, including but not limited to: number of PA's, denial/approval rates, number of electronic vs. manual PA's, drug and overall health care savings, and return on investment. Reports should be available by drug, drug class, Member, provider, and other defined parameters.

The Contractor must, develop and maintain approved protocols and criteria for coverage of products

- a. Not listed on the PDL
- b. Typically, not covered
- c. Exceeding the Department's SMAC rates
- d. Not meeting other clinical or technical criteria

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**Drug Utilization Review and Management**

The Contractor's RetroDUR management system must include data warehouse analytic/reporting tools, clinical rules, algorithms, and profiling including, but not limited to, identifying prescribing and utilization patterns which fall outside best practice guidelines.

The Contractor's RetroDUR management system must have functionality to merge medical service claims provided by the Department with pharmacy claims to identify and monitor drug usage including, but not limited to:

- a. Overutilization
- b. Underutilization
- c. Therapeutic duplication
- d. Drug-disease contraindications
- e. Drug-drug interactions
- f. Incorrect drug, dosage, or duration of therapy
- g. Drug-induced illness
- i. Member clinical abuse and drug misuse
- j. Therapeutic appropriateness
- k. Other criteria identified by the Department or its DUR Board

The Contractor must conduct regular ProDUR and RetroDUR program activities that meet all state and federal requirements. Contractor must conduct regular program review, facilitate quarterly evaluations of criteria and interventions, recommend draft standards and criteria, and implement approved changes. RetroDUR activities must encompass drugs processed through the pharmacy benefit and physician-administered drugs processed through the medical benefit. Actions include, but are not limited, to the following:

- a. Conduct clinical and financial analyses and literature reviews related to its ProDUR and RetroDUR activities and report findings to the Department and DUR Board regularly
- b. Assess the effectiveness of ProDUR and RetroDUR practices and provide clinical and financial summary reports at least quarterly
- c. Implement DUR Board recommended changes after Department approval
- d. Generate educational materials for prescribers, pharmacies, and beneficiaries to support Department-approved interventions

The Contractor must monitor and report on the outcomes of its DUR educational efforts quarterly or as otherwise specified by the Department.

The Contractor's RetroDUR management system must have clinical pharmacist oversight.

The Contractor must draft and finalize, with support from the Department, the CMS annual DUR report as described in Section 1927(g)(3)(D) of the Social Security Act and the required cost savings analysis including, but not limited to, the following:

- a. Provide the draft CMS-required DUR Annual Report to the Department at least 30 days prior to the due date

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b. Incorporate any changes recommended by the Department into the CMS annual report
c. Perform additional research requested by the Department
d. Upload per CMS protocol the final CMS-required DUR Annual Report to the Department at least 10 days prior to the due date for Department approval and submission.
The Contractor must facilitate the DUR Board meetings and prepare Department-approved meeting materials including, but not limited to, the following:
a. Prepare, distribute, and post meeting agendas and materials to DUR Board members at least 14 days prior to the DUR Board meeting
b. Present in person, all items on the agenda related to DUR activities, PDL recommendations, and drug related information at the DUR Board meetings.
c. Record meeting minutes including all PDL changes and action items, and forward them to the Department within 3 days after the meeting for Department approval
d. Post meeting minutes on the website 5 days after the DUR Board meeting.
e. Assure that all DUR Board actions are implemented on a timely basis
The Contractor's designated (Key Personnel) Clinical Pharmacist must manage and direct the Department's DUR program and PDL activities and act as the Contractor's representative at the DUR Board meetings. During planned or unplanned absences, Contractor must provide replacement personnel to fill this role.
The Contractor's designated (Key Personnel) Clinical Pharmacist must proactively research, analyze, present findings, and advise the Department and/or the DUR Board on topics requested by the Department including, but not limited to:
a. PA requirements and clinical criteria
b. Prescription spending trends focusing on the Department's programs and on national trends
c. Cost containment strategies
d. RetroDUR
e. Educational materials for DUR
f. POS claims processing
g. Reimbursement strategies for product costs, dispensing fees, and Member cost sharing
h.. ProDUR
i. Reconsiderations and appeals

Resources "a" through "e" must consider drugs processed through the pharmacy and physician-administered drugs processed through the medical benefit.

The Contractor must facilitate the DUR Board's use of clinical subject matter experts in reviewing various classes of drugs or individual drugs, if such expertise is needed.

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The Contractor must maintain the drug coverage lists specific to the Department's programs as defined by the State. These include the Department's Preferred Drug List, clinical criteria document, covered OTC's, and other coverage lists.

**STATE MAXIMUM ALLOWABLE COST PAYMENT**

The Contractor must administer the Department's MAC program, by setting rates on prescription and over-the-counter multiple-source generic and brand products. The Contractor's methodology for calculating the MAC must be available and transparent to the Department.

The Contractor must set MAC rates on all multiple-source drugs rated as therapeutic equivalents (A-rated) according to the FDA Approved Drug Products with Therapeutic Equivalence Evaluations, unless otherwise directed by the Department.

The Contractor must comply with the requirements explained at [www.cms.hhs.gov/reimbursementforFederalUpperLimitsandMedicaidPrescriptionDrugsunderDRA\(theDeficitReductionActof2005\)](http://www.cms.hhs.gov/reimbursementforFederalUpperLimitsandMedicaidPrescriptionDrugsunderDRA(theDeficitReductionActof2005)). Updates to the FUL shall be made on a timely basis.

The Contractor must monitor the Department's MAC rates to assure products are available at the MAC rates and are appropriate estimates of providers' actual acquisition costs.

The Contractor must publish weekly additions, deletions, and revisions to the MAC rates on the Contractor and/ or provider portals. The MAC list shall be posted in a searchable and downloadable format

The Contractor must notify the Department at least ten business days prior to placing a MAC rate on a product, when a MAC has never been previously placed on that product.

The Contractor must ensure the Department's MAC rates, when compared with Federal Upper Limit (FUL) rates published by CMS, in aggregate, do not exceed FUL rates for CMS-specified products. This includes, but not limited to, taking the following actions:

- a. Monthly compare the Department's Medicaid expenditures and utilization on CMS-specified FUL products to what would have been paid if the FUL rates were used
- b. Prepare a monthly summary report of findings for the Department
- c. Prepare an action plan within ten business days of becoming aware that the Department's Medicaid expenditures exceeded, in aggregate, projected expenditures if the FUL rates had been used

The Contractor must provide regular reports on the operational status of the MAC program in addition to cost savings reports at least quarterly.

**REPORTING AND ANALYTICS**

The Contractor must provide management reports to the Department, on a schedule to be determined in negotiation with the State, to support PBM analytics. Examples of all current reports are included in the Procurement Library. The reports must include, but are not limited to:

- a. Utilization Reports
- b. Financial Reports
- c. Auditing Reports
- d. Preferred Drug List Reports

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e. Claims Processing Reports	
f. Coordination of Benefits (COB) Reports	
g. Net Cost Reporting	
The Contractor's reporting system shall provide data dashboard capabilities to facilitate real time graphical display of key outcome and performance metrics with drill-down capability aligned with user's role and permissions	
As changed by CR 02: The Contractor's reporting system shall have the capability to generate and display population, program and activity based dashboard reports.	
Population and program based reports may include but not be limited to:	
1. Characteristics of a population (e.g., Number and percentage of program participants by program type, Population distribution by eligibility or drug criteria, Participants enrolled in multiple programs / services, etc.)	
2. Program information (e.g., PA's received and status / disposition, referrals received, appeals with status, etc.)	
3. Solution performance and quality assurance reports (e.g., Solution performance according to agreed upon SLAs, Fraud, waste and abuse detection indicators)	
The Contractor's reporting system shall allow the user to drill down in order to view more detailed information about a specific metric, where available	
The Contractor's reporting system shall provide the capability to present data in graphical and/or GIS map format	
The Contractor's reporting system shall provide the capability for reports to be automatically generated and distributed on a periodic basis	
The Contractor's reporting system shall allow the user to configure report preferences	
The Contractor's reporting system shall allow users to subscribe to reports so that they shall be sent to them electronically upon periodic creation	
The Contractor's reporting system shall allow the user to export information presented and underlying information with a granularity consistent with the user's access rights (jpg, pdf, xls, csv, etc.)	
The Contractor's reporting system shall provide report formatted for printing on standard paper sizes	
The Contractor's reporting system shall create an auditable list of all users that access reports and which reports they access	
The Contractor's reporting system shall provide the ability to suppress data sets with a sample size of zero or a sample size that does not meet the threshold for de-identified/anonymous data	
The Contractor's reporting system shall notify users of the estimated time required to run a report if it exceeds a predefined time limit	
The Contractor's reporting system shall allow queuing of reports	
The Contractor's reporting system shall include version control for all reports	
The Contractor's reporting system shall provide a mechanism to archive and remove reports in order to prevent a proliferation of reports	
The Contractor's reporting system shall have the capability to generate and display standard ("canned") reports as defined by the Department that users can view and export, but not customize	
The Contractor's reporting system shall allow users to specify "favorite" reports and shall automatically identify frequently used reports	

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The Contractor's reporting system shall display a list of standard reports available to the user. The list shall include, but is not limited to:
i. Report title
ii. Last update date
iii. Last run date
iv. Planned run frequency
The Contractor's reporting system shall allow generation of reports with an 'as-of' date that may not be the same as the current date
The Contractor's reporting system shall display a list of parameter-based reports available to the user. Parameter based standard reports may include:
i. Existing reports that are currently generated and published
ii. Demographics, utilization, and other population based reports.
iii. Member centric reports
The Contractor's reporting system shall allow users to specify one or multiple parameters for the report. Parameters may include, but are not limited to:
i. Reporting period (last month, last quarter, customized date range, etc.)
ii. Population characteristics (age range, gender, program participation)
iii. Geography (zip code, region, county, census)
iv. Member or Provider -based analyses
v. Threshold-based and exception reporting
vi. Percent change reporting
vii. Changes over time
The Contractor's reporting system shall allow for the user to sort and filter report data
The Contractor's reporting system shall provide the ability to upload a data set (e.g., list of Member names or UID's) for use as a parameter
The Contractor's reporting system shall provide the option of saving the report parameters in order to re-run it another time
The Contractor's reporting system shall provide the ability to perform calculations (e.g., unique count, average, etc.)
The Contractor's reporting system shall provide the ability to compare the data from one reporting period to another
The Contractor's reporting system shall provide the ability to identify statistical outliers
The Contractor's reporting system shall have filtering capabilities and must be easy to build and modify by the user
The Contractor's reporting system shall allow the user to view and select available data sources for use in a query. Data sources may include, but are not limited to:

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- a. Any data accessible within the Contractor solution

- b. Any data accessible through integration with other data systems

- c. Data from other external sources that may be imported for use in the query

The Contractor's reporting system shall provide a standards-based interface/integration capability which can be triggered by a user to request that data be obtained from The Contractor's reporting system and imported to other authorized systems (e.g. MMIS solution, integrated eligibility solution, program integrity solution)

The Contractor's reporting system shall allow the user to share the queries with other users

The Contractor's reporting system shall make timely, accurate, and complete decision support information available to authorized users through the application and standardized tools

The Contractor's reporting system shall provide for appropriate class of reporting and business intelligence tools for different type of users (e.g. executive, analyst, operations staff)

The Contractor's reporting system shall provide the ability to provide access via multiple formats (Portable Document Format (PDF), Microsoft Excel, Microsoft Access, HTML,)

**Quality Assurance**

The Contractor must develop and implement quality assurance processes and adopt best practices learned from other customer deployments, consistent with industry standards, principles, and processes including, but not limited to:

- a. Recurring process reengineering evaluation to ensure processes are aligned with best practices and opportunities for process improvement are realized.
- b. Continuous performance measurement and improvement through the use of technical reviews, internal audits, and Contractor provider satisfaction surveys, or other assessment tools (e.g. reporting on operational metrics).
- c. Ongoing Contractor staff training.
- d. Implement Quality Improvement Processes for recurring processes.

The Contractor must conduct client Satisfaction Surveys at least biannually, or as specified by the Department. The Contractor's surveys must include, but are not limited to:

- a. Performance inquiries consistent with the duties and responsibilities of the Contractor and any SubContractor.
- b. Performance expectations and measurement criteria for managing the ongoing long-term business relationship with the Contractor and for monitoring performance.
- c. Inquiries on technology, quality, responsiveness, delivery, cost and continuous improvement.

The Department, in its sole discretion, may modify these requirements.

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The Contractor must immediately notify the Department of any system, program, or operational deficiencies or defects identified. The Department shall establish the severity level and approve timelines for fixes or resolutions.

The Contractor must provide corrective action plans to the Department within 3 business days of the discovery of severe defects found through internal quality control reviews and identify options for corrective actions. The Contractor must initiate corrective actions plans, at no additional cost to the Department, only after the written approval of the Department.

The Contractor must provide audit trails to document, identify, and track chronological records and transactions throughout the Contractor's systems including, but not limited to, additions, deletions, and changes to:

- a. Master file data related to beneficiaries, providers, drugs, pricing, and other reference data
- b. Prior Authorizations
- c. Member Lock-Ins
- d. All edits encountered, resolved, or overridden
- e. POS transactions, including data submitted by providers and responses sent to the provider

The Contractor must sample and reconcile its claims processing system and files to ensure accurate and timely payments including, but not limited to, the following:

- a. Conduct a random sample of a minimum of 500 claims each quarter
- b. Stratify the sampling technique by variables, such as the Department's programs, reimbursement methodology, product type (e.g., sole-source, multiple-source, generics, etc.), or as specified by the Department for each reporting quarter
- c. Report quarterly review findings to the Department
- d. Provide an action plan to address processing errors

The Contractor must implement a continuous process improvement program to reduce administrative burden on the Department, providers, and beneficiaries. This process must be regularly assessing and continue throughout the duration of the contract.

The Contractor must maintain a log of operational, clinical, programmatic, and claims processing issues which shall be reviewed in weekly team meetings with Department staff. Each issue shall be analyzed and a resolution determined on a timeline approved by the Department. Issues not resolved on a timely basis shall be subject to penalty.

<b>Drug &amp; Device Administration The Central Business Function of the Vermont Department of Health and Human Services</b>	<ol style="list-style-type: none"><li>a. Federal OBRA '90 rebate program</li><li>b. State supplemental rebate program</li><li>c. State-only rebate program</li></ol>
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The requirements in this section apply to all of the Department's rebate programs

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The Contractor must comply with the provisions explained at [www.cms.hhs.gov/MedicaidDrugRebateProgram](http://www.cms.hhs.gov/MedicaidDrugRebateProgram) and Section 1927 of the Social Security Act.

The Contractor must maintain an electronic policies and procedures manual documenting all aspects of the Contractor's administration of the Department's manufacturer drug rebate programs.

The Contractor must not engage in any contracts or agreements during the Contract, and any renewal thereof, to receive direct compensation from pharmaceutical manufacturers (e.g., fees associated with data, rebates, rebate management, compliance, or clinical programs) which pertain to prescription claims data collected from the Department's programs.

The Contractor must conduct a review of rebate contracting and program performance at least quarterly with representatives from the Department.

The Contractor must integrate the following Department claims data to calculate manufacturer rebates owed to the Department including:

- a. NDC claims data paid by the Contractor
- b. Practitioner and outpatient hospital claims data for physician-administered drugs paid by the Department and forwarded to the Contractor.

The Contractor must calculate the total rebate amounts due from each manufacturer based on:

- a. The number of units paid per an NDC
- b. Unit rebate amounts applicable for the Department's programs, which are (1) distributed by CMS for the Federal Medicaid rebate program; (2) Supplemental unit rebate amounts as negotiated by the multi-state rebate pool; and (3) rebates required for participation in State-funded plans

The Contractor must invoice manufacturer rebates quarterly (or by other time periods specified by the Department or CMS) including, but not limited to, the following requirements:

- a. Invoice 100% of participating manufacturers for Federal, State supplemental, and State-only rebates no later than 60 days after the end of the quarter, or in compliance with the timelines of the Federal government and the Department for generating manufacturer drug rebate invoices
- b. Submit the manufacturer rebate invoice summary for the Department's approval at least three business days prior to invoicing participating manufacturers.

The Contractor's rebate invoicing format and reported data elements must comply with CMS standards and with CMS policies and procedures for original invoices, for any needed prior period adjustments for previously invoiced quarters, and for interest on outstanding balances owed by a manufacturer.

The Contractor must provide manufacturers with electronic invoices and claims level detail in a format agreed upon with the Department.

The Contractor must utilize pre-invoicing quality control edits to proactively reduce manufacturer disputes of invoiced rebate amounts (e.g., quarter-to-quarter percent change in rebate amount invoiced by NDC, rebate amount exceeds reimbursed amount, quantity exceeds expected amounts, etc.). The Contractor must obtain Department approval on all pre-invoicing edits and must provide an audit trail of all pre-invoicing adjustments along with justification recorded into the Contractor's rebate management system. The Contractor must provide the Department a quarterly report of each adjustment and related justification by NDC.

The Contractor must provide a pre-invoicing capability to convert unit types, when mismatches occur between the pharmacy claim unit types paid and the CMS unit rebate types.

The Contractor must track and process prior period adjustments including, but not limited to, the following:

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- a. Maintain all quarters of manufacturer drug rebate invoices and other information to accommodate prior period adjustment processing including a minimum of 12 quarters (available online)
- b. Identify and process, at NDC level, any corrections to rebate information received from CMS or from a manufacturer
- c. Provide capabilities to manually enter and report corrections at the NDC level on manufacturer drug rebate invoices.

The Contractor must process prior period adjustments, calculate interest-due amounts, and work to resolve outstanding rebate disputes including those originating prior to the Contract.

The Contractor must provide a rebate dispute resolution process that complies with CMS Best Practices for Dispute Resolution and must meet all State and Federal requirements for pursuing recoveries in a timely manner.

The Contractor must provide a method to extract claims and other documentation for NDCs that are in dispute.

The Contractor must compare invoices to the Reconciliation of State Invoice (ROSI) returned by a manufacturer to determine which NDC and rebate amounts are in dispute.

The Contractor shall provide documentation, upon Department request, of its repeated efforts to resolve aged disputes.

The Contractor must correct invoice records at the quarter and NDC level to support the dispute resolution process and log the updated amounts into its rebate management system.

The Contractor must maintain an automated drug rebate dispute tracking system. This system must track by labeler and NDC: the manufacturer name, manufacturer code, invoiced amount, invoiced quantity, manufacturer's paid quantity (positive or negative), rebate amount per unit, unpaid rebate amount, dispute reason, interest owed, and quarter.

The Contractor must automatically recalculate the utilization for each disputed NDC for all manufacturers after all adjustments have been recorded and log the updated amounts into its online rebate management system.

The Contractor must, at least annually or as directed by the Department, attend and actively participate in CMS-sponsored dispute resolution meetings on behalf of, or in addition to, the Department's staff. Costs associated with Contractor staff attending such meetings shall be the Contractor's responsibility.

The Contractor must reconcile payments received from manufacturers with the amount invoiced by program, category code, quarter, and National Drug Code (NDC).

The Contractor must maintain the original and corrected invoice information at the NDC level.

The Contractor must identify discrepancies between the rebate amount due and total amount paid to pharmacy (e.g., rebate amount exceeds amount paid). The Contractor must determine reasons for any discrepancy (e.g., pharmacy billing errors, CMS imposed manufacturer penalty) and resolve the discrepancy. The Contractor must log such resolutions in its online rebate management system.

The Contractor must calculate and invoice interest on unpaid quarterly manufacturer rebate amounts in accordance with Federal notifications. The Contractor must report interest invoicing separately from rebates.

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The Contractor's manufacturer drug rebate management system must house and maintain data by program, category codes, quarter, NDC, and claim including, but not limited to:

- a. Listings of manufacturers participating in the Federal manufacturer drug rebate program
- b. Federal unit rebate amounts for the Department's Medicaid program
- c. Supplemental rebate amounts
- d. State-only rebate amounts
- e. Rebate invoiced claims data including physician and outpatient hospital administered drugs paid by the Department and pharmacy prescriptions paid by the Contractor's POS claims processing system
- f. Rebates received
- g. Pre-invoicing adjustments to unit rebate amounts and utilization
- h. Recalculated invoice amounts based on data submitted from manufacturers
- i. Manufacturer invoices
- j. Prior period adjustments
- k. Manufacturer disputes
- l. Dispute resolutions and utilization adjustments supporting dispute resolution
  - 1. Dispute resolutions and utilization adjustments supporting dispute resolution

The Contractor's manufacturer drug rebate management system must have functionality to maintain complete records of all rebate data and transactions. This requirement has been deleted by CR 04. (*The Contractor's manufacturer drug rebate management system must provide online access for Department-designated staff*)

The Contractor's manufacturer drug rebate management system must retain rebate records conforming to Federal regulations and notifications or as otherwise specified by the Department.

The Contractor's manufacturer drug rebate management system must have functionality to age the accounts.

The Contractor's manufacturer drug rebate management system must have functionality to apply adjustments for any given time period.

The Contractor's manufacturer drug rebate management system must have functionality to allow multiple select keys and sort preferences including, but not limited to

- a. by manufacturer
- b. by year/quarter
- c. by type of rebate
- d. by program or category code
- e. claim level

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The Contractor must provide automated audit trails to document, identify, and track chronological records and transactions throughout the Contractor's systems including, but not limited to, additions, deletions, and changes to:
a. Original rebate invoices
b. Rebate interest billing
c. Pre-invoicing adjustments
d. Rebate write-offs
e. Prior period adjustments
f. Rebate accounts receivable and balances
g. Dispute resolution
The Contractor must import into its manufacturer drug rebate management system all historical quarterly rebate data available from the Department's current rebate Contractors.
The Contractor must assume all administrative and management tasks associated with rebates for historical quarters as well as future quarters occurring during the Contract.
The Contractor must generate and transmit to CMS a file of all manufacturer rebate invoices quarterly as required by CMS. This shall include, but not be limited to, original invoices, interest amounts, prior period adjustments, and adjustments resulting from resolved disputes.
The Contractor must provide quarterly drug rebate information in a form compatible for the Department's submission of the Quarterly Expense Report of the Medicaid Budget and Expenditure System (CMIS-64) reporting requirements on or before 15 days following the close of a quarter's end.
The Contractor must deliver operational rebate reports to the Department within two business days after the reporting period or as otherwise specified by the Department. The Contractor must provide reports online for the Department-designated staff in downloadable versions of Microsoft® Excel or other Department-specified format.
The Contractor's online manufacturer drug rebate management system and operational rebate reporting functionality must separately report manufacturer rebate payments by:
a. Quarter
b. Program (Aid Category Code)
c. Rebate type (e.g., Federal, State, Supplemental)
d. Drugs crossed-walk from Healthcare Common Procedure System (HCPCS) codes to NDCs by the Contractor (i.e., practitioner and outpatient hospital claims for physician-administered drugs
e. Prescription claim level
f. Funding Source
The Contractor must provide pre-invoicing quality control, operational reports to the Department prior to invoicing manufacturers quarterly. Reports shall include, but are not limited to, NDCs for which:

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- a. Rebate amounts exceed total reimbursement plus payment from other insurers
- b. Rebate amounts exceed quarter-over-quarter variability thresholds (e.g., +/- 15%)
- c. Pre-invoicing adjustment amounts have been made by the Contractor
- d. Zero rebate amounts are listed on the CMS file

- e. Reimbursement has been made by the Contractor but the NDC is not found on CMS rebate file

The Contractor must reconcile drug rebate data with the Department's fiscal records monthly, quarterly, and annually. Such efforts must include detailed reports that identify adjustments, unit amount rebate changes, write-offs, and other accounting transactions that impact the Department rebate reporting.

The Contractor must provide operational rebate reports, in a format and schedule agreed upon and approved by the Department, which track:

- a. Rebate recoveries
- b. Current reporting period disputes by manufacturers with aged disputes for previous quarters
- c. Adjustments and recoveries resulting from dispute resolution activities
- d. Pre-invoicing adjustments, unit rebate amount changes, write-offs, and other accounting transactions
- e. Current and past accounts receivable by manufacturer
- f. Interest billed and collected
- g. Feasibility determinations of rebate write-offs
- h. Amount rebated compared to amount paid by quarter, manufacturer, and NDC

The Sovereign States Drug Consortium (SSDC) is a Medicaid supplemental drug rebate program that allows participating states to pool their prescription utilization numbers to obtain supplemental rebates from pharmaceutical manufacturers. The Contractor must administer the Supplemental Rebate program on behalf of the State, including participating in all required activities with the SSDC and its designees, and identifying and implementing opportunities with the SSDC to maximize the supplemental rebate amounts returned to the State.

The Contractor must support the State in its engagement with the SSDC and its PBM Contractor as the SSDC negotiates supplemental rebates with manufacturers. This support includes, but is not limited to:

- a. Provide utilization and rebate modeling analytic capabilities
- b. Provide the necessary utilization, URA, and other data files on a timely basis as required by the SSDC
- c. Make recommendations and submit all potential rebate arrangements to the Department for approval prior to acceptance
- d. Perform modeling that incorporates rebate data and determined net cost to the Department associated with individual PDL decisions for a drug
- e. Participate along with State staff and/or represent the Department in all SSDC meetings, conference calls, and other venues during which rebate business is conducted

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<p>The Contractor must work with the SSDC and its PBM Contractor to support the State in administration of the supplemental rebate program. This support includes, but is not limited to</p> <ol style="list-style-type: none"><li>1) Calculate, prepare and issue manufacturer invoices</li><li>2) Work with manufacturers to obtain fully executed supplemental rebate agreements (SRA)</li><li>3) Work with the Department on any needed revisions to the SRA annually</li><li>4) Track, reconcile, resolve all collections, disputes, adjustments</li><li>5) Provide all required reporting and analysis</li><li>6) Perform other administrative duties as defined by the State</li></ol> <p>The Contractor shall maintain those data systems used to calculate the Supplemental Rebates. In the event material discrepancies are discovered, the Contractor shall promptly make an appropriate adjustment, which may include a credit as to the amount of the Supplemental Rebates or a refund to Manufacturer.</p> <p>The Contractor shall maintain electronic claims records for the most recent four quarters that shall permit the Manufacturer to verify through an audit process the supplemental rebate summaries.</p>	<p><b>Financial Audit Findings and Audits</b></p> <p>The Contractor must, as requested by the Department, process post-payment claim reversals for pharmacy claims, such as TPL adjustments and other adjustments.</p> <p>The Contractor must, as requested by the Department, process financial gross adjustments to pharmacy payments, such as corrective actions identified from post-payment audit findings and other adjustments.</p> <p>The Contractor and any SubContractors must cooperate with financial audits by Department staff, other State departments, the United States Department of Health and Human Services, State or Federal designees, or others authorized to perform audits relating to the work and deliverables rendered by the Contractor and any SubContractors. Contractor and SubContractor audit support must include, but is not limited to:</p> <ol style="list-style-type: none"><li>a. Enable read and copy access to files, documentation, and personnel including inventory control files, Member eligibility files, preferred drug list, diagnosis files, provider master files, all pricing files, adjudicated claims file, all software and operating manuals, all documentation along with rules, regulations, memos, internal reports, training manuals, and detail design documentation</li><li>b. Enable access to computer resources including, but not limited to, all application programs and libraries, all system programs and libraries, the operating system along with job accounting and software</li><li>c. Notify audit staff within 24 hours of any changes made to computer programs and edit logic between processing runs related to audit activities</li><li>d. Provide the ability to retrieve and print claims</li><li>e. Provide the personnel and resources necessary for automated or manual sampling of claims and reference file data including the retrieval of historical data.</li></ol>
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The System shall be in compliance with the Health Insurance Portability and Accountability Act (HIPAA) privacy and Member consent for release requirements, where applicable	The System shall accommodate diverse populations of users including those with visual and hearing impairments, persons with low and moderate educational levels, and the elderly (Section 508 compliant) <a href="http://www.section508.gov/">http://www.section508.gov/</a> and all similar State of Vermont policies	The System shall accommodate diverse populations of users including those with disabilities and limited English proficiency as defined in section 504 of the Rehabilitation Act of 1973	The System shall be designed and developed to support a production environment and reporting system available 24 hours a day, during every day of the year, including all holidays	The System shall uniquely identify each Member using both SS# and Unique ID number assigned by SoV Enrollment System	The System shall uniquely identify each provider using both NPI and a system generated Unique ID	The System shall have the capability to interact with other systems as needed to collect and report services and benefits provided to a Member	The System shall provide a mechanism to limit access to view/update information, based on user role, access rights and program rules	The System shall have the capability to save and print all forms, reports, documents, screens, based on user role and program rule	The System shall automatically save information as users enter it.	The System shall validate that all mandatory data fields have been completed when a user attempts to submit information	The System shall inform the user of errors based on the validations performed	The System shall allow the user to review and update information if there are correctable errors	The System shall contain a "help" function on each screen as needed to provide users with instructions on how to perform functions, descriptions of data elements and/or other information	The System may provide access to "rules/regulations documentation" via the System for look up and reference in the relevant context of the screen/process.	The System shall send alerts/notifications to users who (1) have subscribed to these types of notifications, (2) have consent to view the Member's data (3) have the correct access rights and (4) have a valid reason for viewing this data	The System shall send notifications based on the preferences a Member or user has indicated in their profile unless a specific delivery method is specified by policy (e.g., certain notifications must be sent via US postal mail, ADA compliant communication). Where possible, electronic delivery methods (email, SMS) shall be selected.	The System shall have role based access control at the data field level	The System shall have rules based access control and display information	The System shall have a user interface written in English (including warnings, notifications and user prompts) free of grammatical errors and typos	The System shall contain written language targeted to the average adult reading level (e.g., 6th grade level) Note: This applies to all languages	The System may provide the capability to check an individual's language indicator to include language specific text on notices, correspondence and other materials.	The System shall maintain a record (e.g. audit trail) of all changes made to data in the System - system initiated changes or user initiated changes. This should be readily searchable by user ID, system ID or Member ID. This must include but is not limited to:
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- i. The user ID of the person who made the change or system ID if the change was system generated
- ii. The date and time of the change
- iii. The information that was changed
- iv. The data before and after it was changed

v. The data source if the change was system generated

The System shall record the date, time, and name of users viewing Member information

The System shall use industry standard taxonomy (ies) if relevant

The System shall provide web pages with general information about Pharmacy Benefit programs to the general public without requiring a login

The System shall authenticate users before allowing access to functionality requiring a login

Provide Optical Character Recognition to convert appropriate paper documentation received through PBMS Operations into indexed, content searchable electronic format (e.g., claims and attachments, correspondence, provider information).

The State shall have the final authority to hire/fire any contract staff working in state facilities

**Interoperability Requirements**

The System's interfaces shall secure and protect the data and the associated infrastructure from a confidentiality, integrity and availability perspective.

The System shall be able to support Application to Application (A2A) synchronous and asynchronous messaging using web services. The messaging capabilities shall be able to support a wide variety of A2A patterns including, but not limited to, the following:

- Data look-up and retrieval
- Data look-up with services provided by other applications
- Simple bulk data transfer to/from other Systems.

The System's interface infrastructure shall continue to operate despite failure or unavailability of individual technology components such as a server platform or network connection.

The System's interfaces must be scalable to accommodate changes in scale including changes in user population, transaction volume, throughput and geographical distribution. The System shall be capable of making any changes to the interface data elements/layouts easily, and to test those changes.

The System shall implement, at a minimum, interfaces (both real-time or batch) with the State and other contracted systems requiring integration and data sources such as but not limited to ACCESS / Integrated Eligibility, VISION and the Existing and replacement MMS. These interfaces shall be implemented using point-to-point methods and secure file transfer for the legacy systems and Vermont's Health Services Enterprise Integration middleware, Oracle SOA Suite and Service Bus for the replacement systems.

The System shall implement, at a minimum, interfaces (both real-time or batch) with the applications and data sources that are currently being procured and/or being implemented by the State, they are systems requiring integration as outlined in these requirements and contract such as what is referred to as the HSE Platform, which includes but is not limited to: Identity Management, Consent Management, Portal, Enterprise Information Exchange, Master Data Management, Rules Engine, Eligibility Automation Foundation, Content Management, Analytics and Business Intelligence Tools and Repositories, Collaboration Capabilities. These interfaces shall be implemented using Vermont's Health Services Enterprise Integration middleware, Oracle SOA Suite and

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**Service Bus.**

The System shall provide the capability to perform source to destination file integrity checks for exchange of data and alert appropriate parties with issues
Systems components shall be committed to an advanced approach to interoperability using web services and Service Oriented Architecture (SOA) aligned with State standards and vision for interoperability.
Systems shall integrate with VT HSE using a Service Oriented Architecture by using an Enterprise Service Bus, responsible to monitor and control routing of message exchange between services, resolve contention between communicating service components, control deployment and versioning of services and marshal use of redundant services.
Systems shall support creation and extension of service interfaces through the use of Web Services Description Language (WSDL)
Systems shall develop/integrate services using standardized Web Services formats.
Systems shall provide the ability to publish services and related data to be used by different types and classes of service consumers.
Systems shall provide the capabilities for a Real-Time (or near real-time) Integrated Enterprise where common data elements about the customers served and services rendered are easily shared across organizational units with appropriate adherence to security and privacy restrictions.
Systems shall have the capability to implement synchronous and asynchronous program-to-program communication, moving messages between SOA service consumer modules and service provider modules at runtime. The ESB component may also move files, database rows and other data.
Message and data formats should be based on logical representations of business objects rather than native application data structures
Data transformations shall be to and from normalized formats.
Normalized data formats facilitate composition and reduce the number of transformations that must be created and maintained. A canonical data representation that spans the enterprise can be used but is not required. A federated approach to data normalization is also possible
Point-to-point integrations are to be avoided. Application integration, both internal and external, shall go through the central ESB.
All System services shall be classified with one of the following values: Presentation, Process, Business, Data, Access, or Utility
All services shall be reviewed, classified, and catalogued prior to use. The Documentation Artifacts shall be modeled per ISO/IEC/IEEE 42010 Architecture Descriptions part of the Vermont Enterprise Architecture Program Requirements, or other comparable industry standards reasonably acceptable to the State.
Duplicate services shall be rationalized and retired appropriately.
All services shall have key stakeholder/owners identified following the ADM Architecture Model. Role Matrix should include s/w developers, integrationists, technologists, Enterprise Architects, Business Leads, Testing teams, UAT Teams.
All WSDLs developed for Vermont shall conform to the WSDL Development Standards
All SOA-related messages shall be formally defined with XSD (preferable) or DTDs. A SOA Architecture Repository is required.
SOA-related services hosted should be implemented in Java.
Implemented services shall rely on WS-Policy configurations for message reliability (WS-Reliable Messaging)

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The following metadata attributes shall be tracked for all services in the services catalog: {name, lifecycle status, class, description, owner, version, revision history, release frequency, versioning policy, deprecation policy, message exchange patterns, compensating transaction support, availability requirements, volume, max message size, security attributes, sla, logging requirements}.

SOA services shall be attributed with one of the following SOA Lifecycle Status values: Candidate, Justified, Defined, Designed, Implemented, Operational, or Retired. A SOA Architecture Repository shall be required and opened to Vermont EA Program.

The System shall be designed, built and deployed with enterprise architecture best practices including substantial reliance on highly configurable SOA components. The System shall undergo, at a minimum, 2 iterations integrated with HSEP development environment. Each iteration shall have a maximum period of 10 days. The Systems shall have an alpha deployment on HSEP Staging Environment and also shall have, at a minimum, three weeks of UAT Testing by Business SMEs on the HSEP Staging Environment.

Systems shall provide reliable, once-only delivery of messages (guarantee of reliable and non-repetitive delivery).

Systems shall have the capability to integrate with the VT ESB technology to perform syntactic and semantic hub-based transformation of messages, including: 'Support of taxonomy' 'Support of ontology' 'Reusable transformation maps' 'Built-in transformation functions' 'Extending the transformation function with custom-coded logic' 'Support B2B project translation including Electronic Data Interchange (EDI), RosettaNet, HL7, etc.'

Systems shall provide the functionality that provides reliability for applications, services or message flows: 'Load balancing' 'High availability' 'Fault tolerance' 'Failover' 'In-order delivery' 'Transaction support' 'Execution prioritization' 'Message prioritization'. Tests for High Availability and Failover must be completed prior to the release to UAT.

Systems shall provide the technology that manages the metadata and provides the features needed to support the reliable operation of services. Examples include: 'Online catalog of services and associated artifacts such as WSDL files, XSDs, BPEL files' 'A single point of controlled access for cataloging, promoting, publishing and searching for information about managed assets' 'Metadata that enables an Enterprise Service Bus (ESB) to find, bind to and invoke the execution of a service implementation' 'Support for extending existing asset types and defining and populating custom asset types'

Systems shall provide support for integrating with applications with SOA and event-driven architectures in a manner that supports the following implementation strategies: 'Web Services' Web Services Interoperability (WS-I) Organization-compliant implementation of basic Web services standards, including SOAP, WSDL and Universal Description, Discovery and Integration (UDDI), as well as higher-level Web services standards, such as WS-Security.' Representational State Transfer (REST): Support for XML-based messages, processing and HTTP. and XHTML.

Systems shall have the ability to track a message from its origin to its destination (inside a firewall), inquire on the status of that message and address exceptions (for example, resend the message if a target times out). Usually implemented via a warehouse for archiving messages together with the associated tracking and logging data.

The Systems shall have the ability to use standards-based communication protocols, such as TCP/IP, HTTP, HTTP/S and SMTP. 'Protocol bridging: The SOA Application Programming Interfaces (APIs) to the SOA backbone.

The System shall have the capability to work with a Service Registry that serves as an integration point for runtime tooling

The System shall have the capability to work with security policy manager for Web services that allows for centrally defined security policies that govern Web services operations (such as access policy, logging policy, and load balancing).

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**Regulatory and Standard Requirements**

The System shall provide a mechanism to comply with security requirements and safeguard requirements of the following Federal agencies / entities, to the extent the following are applicable to the services provided by Contractor under this Agreement:

- Health & Human Services (HHS) Center for Medicare & Medicaid Services (CMS)
  - Administration for Children & Families (ACF)
  - NIST 800-53
  - Federal Information Security Management Act (FISMA) of 2002
  - Health Insurance Portability and Accountability Act (HIPAA) of 1996
  - Health Information Technology for Economic and Clinical Health Act (HITECH) of 2009
  - Privacy Act of 1974
  - e-Government Act of 2002
  - Patient Protection and Affordable Care Act of 2010, Section 1561 Recommendations
  - Vermont Statute 9 V.S.A. § 2440. Social security number protection (<http://www.leg.state.vt.us/statutes/fullsection.cfm?Title=09&Chapter=062&Section=02440>)
  - Vermont Statute 9 V.S.A. § 2435. Notice of security breaches (<http://www.leg.state.vt.us/statutes/fullsection.cfm?Title=09&Chapter=062&Section=02435>)
- The System shall conform with the sub-parts of Section 508 of the Americans with Disabilities Act (ADA), and any other appropriate State or Federal disability legislation.
- The System shall comply with all applicable State security policies and adhere to all applicable legal, statutory, and regulatory requirements, as determined by Vermont leadership.
- The System shall implement security controls in accordance with all applicable Federal and State security policy and regulations.
- The System shall comply with accessibility requirements described in 45 CFR 85 and with State of Vermont accessibility requirements located at [http://cio.vermont.gov/policy\\_procedures](http://cio.vermont.gov/policy_procedures).
- The System shall comply with applicable Vermont branding standards as defined by the state, The Contractor shall adhere to the principle of “Fail Safe” to ensure that a system in a failed state does not reveal any sensitive information or leave any access controls open for attacks
- The System shall allow for controlled access to Member records. Users shall be able to view Member data within the System at the State-defined levels of access based on user security privileges.
- The System shall maintain a level of security that is commensurate with the risk and magnitude of the harm that could result from the loss, misuse, disclosure, or modification of information.
- The System shall provide the ability for concurrent users to simultaneously view the same record, documentation and/or template.
- The System shall provide protection to maintain the integrity of data during concurrent access.

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The System shall be configurable to prevent corruption or loss of data already accepted into the System in the event of a System failure (e.g. integrating with a UPS, etc.).

The System shall support protection of confidentiality of all Protected Health Information (PHI) delivered over the Internet or other known open networks via encryption using triple-DES (3DES) or the Advanced Encryption Standard (AES) and an open protocol such as Transport Layer Security (TLS), Secure Sockets Layer (SSL), Internet Protocol Security (IPsec), XML encryptions, or Secure/Multipurpose Internet Mail Extensions(S/MIME) or their successors. This System shall be subject to external Audit checks.

The System, when storing PHI on any device intended to be portable/removable (e.g. smart phones, portable computers, portable storage devices), shall support use of a standards based encrypted format using 3DES, AES or their successors.

The System, prior to access to any PHI, shall display a configurable warning or login banner (e.g. "The System should only be accessed by authorized users").

In the event that a System does not support pre-login capabilities, the System shall display the banner immediately following authorization.

The Contractor must have written policies and procedures addressing the use of any protected health data and information that falls under the Health Insurance Portability and Accountability Act (HIPAA) requirements. The policies and procedures must meet all applicable federal and State requirements including HIPAA requirements. These policies and procedures must include restricted access to the protected health data and information by the Contractor's employees.

The System shall have obtained Medicaid Management Information System (MMIS) certification by CMS, including compliance with all MITA 3.0 standards where applicable.

The Contractor must notify the State of Vermont upon learning of any suspected or actual unauthorized use or disclosure of protected health data and information that falls under the HIPAA requirements, in accordance with the then current Business Associate Agreement in place between the State of Vermont and Contractor. Contractor must work with the State of Vermont to mitigate any breach and provide assurances to the State of Vermont on corrective actions to prevent future unauthorized uses or disclosures.

The Contractor must notify the State of Vermont upon learning of any breach of system or data security, in accordance with the then current Business Associate Agreement in place between the State of Vermont and Contractor. Subject to the approval of the State of Vermont, the Contractor must undertake such additional safeguards or changes as recommended by a subsequent independent security audit at the Contractor's expense.

In the delivery and provision of information technology hardware, software, systems, and services through the Contract, the Contractor must prevent unauthorized access to the "Identity Information" of any individual. "Identity Information" includes, but is not limited to, an individual's first name or initial and last name, in combination with any of the following:

- a. Social Security Number;
- b. Driver's license number;
- c. System access identification number and associated passwords;
- d. Account information such as account number(s), credit/debit/Medicaid card number(s), and/or passwords or security codes.

**INTEGRATED PAYMENTS MANAGEMENT**

The System shall support a form of user authentication.

The System upon detection of inactivity of an interactive session shall prevent further viewing and access to the System by that session by terminating the session, or by initiating a session lock that remains in effect until the user reestablishes access using appropriate identification and authentication procedures.

The inactivity timeout shall be configurable.

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The System shall enforce a limit of (configurable) consecutive invalid access attempts by a user. The System shall protect against further, possibly malicious, user authentication attempts using an appropriate mechanism (e.g. locks the account/node until released by an administrator, locks the account/node for a configurable time period, or delays the next login prompt according to a configurable delay algorithm).

The System shall provide the capability to prevent database administrators from seeing the data in databases they maintain.

The System shall support grouping users by functional departments or other organization to simplify security maintenance.

The System shall provide the ability to maintain a directory of all personnel who currently use or access the system/IVR/SQL database.

The System shall provide the ability to create and maintain a directory of external providers to facilitate communication and information exchange.

The System shall provide the ability to identify certain information as confidential (e.g. PII, PHI, etc.) and only make that accessible by appropriately authorized users.

The System shall restrict access to summarized information according to organizational policy, scope of practice, and jurisdictional law.

The System must be able to associate permissions with a user using one or more of the following access controls:

- 1) user-based (access rights assigned to each user)
- 2) Role-Based Access Controls (RBAC; users are grouped by role and access rights assigned to these groups)
- 3) context-based (role-based with additional access rights assigned or restricted based on the context of the transaction such as time-of-day, workstation-location, emergency-mode, etc.)

The System shall provide the ability to prevent specified user(s) or groups from accessing confidential information such as a Member's SSN, medication information and other confidential data

The System shall provide the ability to limit access to certain confidential information such as a Member's SSN and other confidential data to providers directly involved in service of the patient, or providers involved in review of the service.

When access to a user's account is restricted, the System shall provide a means for appropriately authorized users to "break the glass" and obtain access for emergency situations, as defined by Vermont policy.

When access to Member's confidential data is restricted but still the "break the glass" has occurred, the System shall provide the ability to notify specified users and provide an audit trail for this access.

The System shall enforce the most restrictive set of rights/privileges or accesses needed by users/groups or processes acting on behalf of users, for the performance of specified tasks.

The System shall provide the ability for authorized administrators to assign restrictions or privileges to users/groups.

The System shall support removal of a user's privileges without deleting the user from the System to ensure history of user's identity and actions.

The System shall be able to support RBAC in compliance with the HL7 Permissions Catalog.

The System shall be capable of operating within an RBAC infrastructure conforming to ANSI INCITS 359-2004, American National Standard for Information Technology – Role Based Access Control.

The System shall provide more-advanced session management abilities such as prevention of duplicate logins, remote logout and location-specific session timeouts.

The System shall provide the ability to perform System administration functions such as reference table maintenance and adding / removing users from the system.

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<p>The System shall allow users access based on their roles irrespective of their geographical location.</p> <p><b>The System shall provide the capability to integrate with existing authentication and authorization mechanisms</b></p>	<p><b>Requirements</b></p> <p>The System shall provide an unlimited free-form text note within the PBMS for various functions such as provider enrollment process, prior authorizations, and case management, accessible by authorized PBMS users that includes, for example:</p> <ul style="list-style-type: none"><li>• Provides the ability to display the narrative sorted by user and business unit.</li><li>• Provides the ability to display free form narrative in chronological or reverse chronological sequence.</li><li>• Provides basic word processing functionality such as sentence case, spell check, auto text, bold, underline, italics, color font, bulleted lists, tabs, indents, wrap-text, tables, printable.</li></ul>	<p>System shall provide a graphical user interface for authorized PBMS users to define plans, benefits, and pricing.</p> <p>System shall provide the ability for authorized users and its designees to view, search, and query by Department defined fields as well as pull reports and documentation associated with these fields.</p> <p>System shall provide the ability to view the results of filtered searches based on multiple or single criteria, the capability to search on multiple criteria at the same time, and the ability to perform secondary and tertiary searches within the primary search results.</p> <p>System shall provide the ability to save and name multiple user-defined search and sort parameters so that users can repeat the same search/ sort queries at a later time.</p> <p>System shall provide the ability to view the results of wild card searches (including both single character and string wildcard search) for all searchable fields, including searches with partial ID numbers.</p> <p>Accept digital signatures from providers where applicable as defined in the functional requirements</p> <p>Propose, develop, produce, publish and deliver all applicable PBMS User Guide/ Help updates.</p> <p>Propose, develop, produce, and maintain frequently asked questions (FAQs) on PBMS screens and functionality.</p> <p>The PBMS may provide the following:</p> <ol style="list-style-type: none"><li>1) Provide a forum for authorized PBMS users to post inquiries, and to respond to other posters and create topical “threads” on problems.</li><li>2) Allow Department staff and other designated users to access the forum and to participate and moderate the posts and threads, based upon user roles.</li><li>3) Provide a search capability to find posts and threads by date or relevance.</li></ol> <p>Ensure that all codes and abbreviations used in the PBMS have corresponding and easy-to-view narrative descriptions.</p> <p>The System shall limit the amount of information displayed, while also enabling the user to immediately expand the scope of the information visible.</p> <p>The System shall speak the users' language, with words, phrases and concepts familiar to the user, rather than system-oriented terms.</p> <p>The users shall be able to easily navigate to a variety of functions available to them without having to move sequentially through excessive menus and screens.</p> <p>The System shall follow standardized conventions. Users should not have to wonder whether different words, situations, or actions mean the same thing.</p> <p>The System shall eliminate error-prone conditions or check for them and present users with a confirmation option before they commit to the action.</p> <p>The System's User Interface shall be simple, consistent, and use familiar terminology.</p>
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The System's navigation shall be familiar and consistent, and all user actions shall be predictable and reversible.

Business Area	Function	Requirements
Business Area 1	Reporting	The Contractor shall provide a state approved reporting tool, all state specified pharmacy data elements, including but not limited to elements in the drug file, the claim file, recipient information, provider information, and the prior authorization file. The State shall work with State business lead and Contractor shall ensure reporting components confirm to Enterprise Platform
Business Area 2	Training	The Contractor shall maintain a training program for State staff and Contractors to ensure maximum use and understanding of the functionality of state approved reporting tool
Business Area 3	Reporting	The Contractor shall create reports based on the following, including but not limited to, a combination of pharmacy claim data elements; Member characteristics; provider characteristics; prior authorization characteristics; and drug reference file elements including drug pricing, drug rebate status elements, lock-in characteristics, pharmacy claim errors, and net cost. This is a small sampling to show the types of reports expected of the System. A comprehensive list of all reports shall be determined in collaboration with the State both during the contract negotiation phase as well as the System Implementation phase
Business Area 4	Development	The Contractor shall establish and maintain a methodology for the development and maintenance of the data analytic capabilities the PBMS provides and ensure that it is well documented.
Business Area 5	Analytics	The Contractor shall establish, maintain, implement and manage analytic capabilities to include but not be limited to data summarization, data comparison, data correlation, forecasting, trending, and statistical analysis
Business Area 6	System	The Contractor shall establish and maintain a methodology for the development and maintenance of production and system reports. Contractor shall work with State agencies to determine what reports are needed such as system performance reports and user access reports by the applicable State department(s).
Business Area 7	Development	The Contractor shall establish and maintain a methodology for the development and maintenance of ad hoc reports
Business Area 8	Development	The Contractor shall establish, maintain, implement and manage a schedule for reporting that includes prioritization
Business Area 9	System	The Contractor shall track and report the status of each data and reporting request
Business Area 10	System	The Contractor shall produce, distribute and manage production reports in accordance with applicable Business area, State, and Federal specifications
Business Area 11	System	Produce, distribute and manage ad hoc reports in accordance with Business area, State, and Federal specifications
Business Area 12	System	The Contractor shall notify the report requester when report timeliness cannot be met. In addition, the Contractor shall provide a summary level report to the State, at a predetermined frequency, on quality and timeliness of all reports generated within that period.
Business Area 13	System	The Contractor shall ensure that all existing Federal, State, and Business area measures and reports continue to meet applicable State Business area, State, and Federal standards
Business Area 14	System	Maintain report distribution lists to ensure accurate report distribution at all times
Business Area 15	System	The Contractor shall maintain detailed procedures documenting how reports are prepared and detailing the procedures used to validate the accuracy of the report information
Business Area 16	System	The Contractor shall store historic reports in accordance with applicable State Business area, State, and Federal retention schedules
Business Area 17	System	The Contractor shall provide data and information for federal and state reporting in accordance with applicable State business area, state, and federal specifications
Business Area 18	System	The Contractor shall provide data to the State in support of the PBMs function of analyzing and reporting pharmacy program status to the State

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The Contractor shall provide ad hoc reporting and data analysis as agreed to through negotiation with the State. Such reporting and analysis shall be in an agreed upon format and in accordance with a schedule agreed to by the Contractor and the State.

The Contractor shall provide the ability to regularly and accurately produce operational reports using PBMS data.

The Contractor shall ensure that the data in reports are current, accurate, and accessible and that the report is produced in a timely fashion to meet the report's delivery deadline.

The Contractor shall ensure that any reporting functionality supports the ability to pull and use the narrative descriptions of codes and abbreviations in addition to the codes and abbreviations themselves.

The Contractor shall develop the HIPAA attachment transaction for claims and Prior Authorization Requests in the PBMS (e.g., HL7/ 275).

As changed by CR 02: The Contractor shall provide capacity to capture, store, update, report on system operational metrics from a decision support system that offers digital dashboards, online reporting and print capacity with ability to download to common media.

The Contractor shall provide routine, adhoc, and complex (consolidation, drill-down, slicing and dicing) analytical reporting

The Contractor shall provide drilldown capabilities and tabbed daily, weekly, monthly, quarterly, yearly, prior year, etc.

As changed by CR 02: The Contractor shall provide a user-friendly interface and ability to customize dashboards by user and because of changing needs.

The Contractor shall provide achievable reports (unalterable) with ability to retain original report template for future use.

The Contractor shall provide graphical presentation with gauges and other representations to highlight important events and alerts.

**Knowledge Transfer and Training Requirements**

The Contractor shall develop (in cooperation with the State) and execute a Knowledge Transfer and Training Plan that describes roles and responsibilities of the State and Contractor and the approach for bringing managers, end users, and technical personnel to an appropriate level of understanding with the System. The Knowledge Transfer and Training Plan shall address and describe, at a minimum:

- Training goals/standards and the specific plan for training technical personnel and end users.

- Size of population and types of roles that need training

- Strategy for providing training early in the project to allow the training goals to be implemented throughout the project life Phase.

- Tasks, deliverables and resources necessary to complete the training effort and identify tools and documentation that shall be necessary to support proposed effort.

- Types of training, the specific courses and course materials, the training approach for both technical personnel and end users, and how training effectiveness shall be measured and addressed.

- Deliverables to support initial and ongoing training including user manuals, System manuals, and on-line help and training materials for technical/non-technical personnel.

- Knowledge Transfer to enable the State personnel to operate, maintain, configure and modify the System including operation of the testing tools, supporting infrastructure, and security as agreed between the State and Contractor.

- Metrics for tracking progress in achieving training and knowledge transfer objectives.

- Reporting progress of training and knowledge transfer activities.

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- Additional training for technical staff on development, reporting and maintenance including processes and tools as needed

The training must include all aspects of the use of the New System - both Technical and Operational

**All Training Materials are due at the time of Staging and before the 3rd iteration of any application development**

The Contractor shall provide end user training documentation (including user manuals, online content, reference cards, etc.). Contractor is to supply full provisioning to all primary, secondary, and third level support personnel identified by the Business Lead. Provisioning for these users to be completed on the staging platform prior to SoV UAT

The Contractor shall provide the State a training course outline for review and acceptance at least thirty (30) calendar days prior to the beginning of scheduled training.

The Contractor shall submit all training packages to the State for review and acceptance at least twenty-one (21) calendar days prior to the beginning of scheduled training.

The Contractor shall provide (customized as required) training manuals for all classroom as well as any online training they provide. Softcopies of all training manuals shall be provided by the Contractor for both modes of training (classroom or online). Additionally, Hard copies of training manuals shall be provided for class room training.

The Contractor shall provide all training materials developed for the system to the State. Those materials shall become the property of the State and may be modified and duplicated by the State.

The Contractor shall provide electronic copies of all training materials (end-user, technical, trainee and instructor) in a format that can be easily accessed, updated and printed by State staff using software for which the State owns licenses. This includes but not limited to CDs/DVDs, and online. All training materials must conform to the applications and components interfacing with the Enterprise Staging Platform prior to release into production

The Contractor shall provide updated training documentation as necessary to incorporate new processes or functionality due to system releases, upgrades, or changes throughout the contract term.

The Contractor shall schedule all training during regular work hours as approved by the State, unless the Contractor receives advance approval from the State for specific training at other times.

The Contractor shall provide all training within the State of Vermont at locations convenient to the attendees of the training, unless the Contractor receives advance approval from the State for specific training at other locations.

The Contractor shall schedule staff training in a manner that is least disruptive to the normal business operations.

The Contractor shall provide instructions to the State on Contractor tools and procedures used to support the training.

The Contractor shall ensure that Contractor staff members are not assigned to train State staff and work on critical path development tasks concurrently.

The Contractor shall assist the State in developing end-user training on the System business functionality.

The Contractor shall provide end-user classroom training sessions and on-line training as agreed with the State for all end-users.

The Contractor shall identify the number of staff necessary for maintenance and operations of the System as well as the skill sets necessary, with the State's agreement.

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The Contractor shall develop and provide training for the technical support staff including State staff and contractors. For the duration of the contract, the Contractor shall continue to provide training to the technical staff if system upgrades have been installed and there is a change in System components functionality.

The Contractor shall create a training approach and needs analysis early in each project Phase which shall determine the training requirements

**Quality Management Requirements**

The Contractor shall describe the quality management approach and methodology used for the System with input from the Business Units

The Contractor shall develop a Quality Management Plan to describe the approach they shall use to ensure the quality of the Service and the work it performs.

The Plan shall include at least the following items:

- The State's management of the requirements. This includes the identification of inconsistencies between the requirements, and the project's plans and work products.
- The State's requirements traceability matrix that shall be used for requirements management, and shall map where in the software a given requirement is implemented.
- The practices and procedures that shall be followed for reporting, tracking, and resolving problems or issues identified in System Testing, System Migration, and System Operations.

• The business process changes resulting from the System.

- The quality of work products developed and delivered by Contractor's sub-Contractors/partners, if applicable.
- A metrics process that describes how measurements shall be identified, collected, and analyzed to ensure that quality goals, including management and the System goals, are being met. It should also describe the types of project metrics used.
- The Contractor's organizational structure, and the roles and responsibilities of Contractor staff as they relate to quality management.
- Description of the processes and management of the Defect and Issue Tracking System for System of items and, if applicable, how corrective action plans shall be developed to address more significant issues.

The Contractor must, subject to review by the Department as needed, implement and document quality assurance processes and procedures to ensure integrity of services and of the processing and storage of the Contractor's data including, but not limited to, the following:

- a. Maintain separate testing environments, emulating the production environment, where users can test systems changes, edits, and pricing without affecting the production systems
- b. Allow online update and inquiry of all data repositories in the test environment(s) to simulate the production environment
- c. Generate test results to evaluate the fiscal impact of changed edits or other test conditions
- d. Validate and document internal systems by balancing input and output data execute batch jobs appropriately, and generate outputs appropriate for the executed cycle

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- e. Comply with the requirements of the Payment Error Rate Measurement (PERM) program and other quality assurance programs as specified by CMS, the State, and the Department
- f. Maintain internal quality control procedures for functionality and data integrity

**Operations Requirements**

The Contractor shall have recovery plans in place for the non-production environments of the PBMS enterprise (Development, Testing, Staging, Model Office and Business to Business environments.)

The Contractor shall have a Disaster Recovery Plan in place for the production PBMS environment, in the event of a catastrophic disaster at either the primary or secondary sites.

The Contractor shall be required to supply hot failover and fail back capability for the production PBMS. This capability shall be invoked during system maintenance of the PBMS at the primary production site and during any production outage at the primary site and/or Secondary Network back up to primary Data Center should primary circuit fail but Data Center is Ok. At a minimum, this failover functionality shall be tested each quarter of the year for the duration of the contract. If no system maintenance or outages have occurred during a quarter to exercise this capability, then the Contractor shall schedule a test failover and fail back to occur within the month following the end of such quarter.

The Contractor shall be required to supply a PBMS Help Desk that is available during regular business hours (Monday – Friday, 8:00 a.m. – 7:00 p.m. Eastern Time and Saturdays from 8:00 am – 5:00 pm Eastern Time) to assist with usability questions, problem analysis and for reporting technical issues

The Contractor must have a defined escalation plan for technical problems that cannot be addressed by the PBMS Help Desk. The escalation plan must include a definition of severity levels and specific escalation procedures based upon the severity of the technical problem.

The System shall have the ability to generate administrative alerts and warnings when statistics indicate an impact or potential limits on system performance and availability. These alerts shall to be communicated through various mechanisms including SMS, Phone and Email

The System shall provide SLA monitoring and reporting capabilities.

The System shall provide event management and monitoring functionality according to ITIL best practices.

The System shall provide Data archiving capabilities based on State defined criteria.

The System shall provide version control capabilities to ensure the integrity of all software releases.

The System shall provide logging, reporting for accessing errors and exceptions.

The System shall monitor and provide reports on any unauthorized access.

The System shall track unusual or out of normal system operations usage or user access.

All system communications shall be protected by at least 128-bit encryption.

The System shall maintain the privacy and participant consent requirements of the participants.

The System shall protect the integrity of the data across all interfaces. Data shall be accurate and timely.

The System shall provide role-based user and identity management.

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The System shall maintain a level of security that is commensurate with the risk and magnitude of the harm that could result from the loss, misuse, disclosure, or modification of information.

The System shall implement security controls in accordance with applicable Federal and State security policy and regulations.

**System Availability and Response Times**

As changed by CR 09: The PBMS (i.e. all applications and interfaces provided by the Contractor) shall be operational 24 hours a day, during every day of the year, including all holidays. The components of the Solution under Contractor control as delivered into production shall be available 99.95% of the time. Scheduled maintenance will be allowed with the prior approval of the State of Vermont and should occur outside normal business hours. The availability percentage will be verified with evidence from the Contractor. The Contractor must measure and report its performance on the SLA monthly.

As changed by CR 09: The Contractor's PBMS response time for all interactive system transactions other than the reporting related system interactions will be 3 seconds or less for 95 percent of interactions. Maximum response time will not exceed 8 seconds except for agreed to exclusions. The Contractor shall investigate tickets from SoV that report response times exceeding the maximum response time and provide an analysis to SoV. The system response time is defined as the time it takes for the service to service a request.

As changed by CR 09: The average response time for search and lookup performance is 3 seconds for 95 percent of the time. Maximum response time shall not exceed 15 seconds except for specified and agreed to exclusions. The Contractor shall investigate tickets from SoV that report response times exceeding the maximum response time and provide an analysis to SoV. The system response time is defined as the time it takes for the server to service a request.

As changed by CR 09: The average response time for a Static Standard report is 5 seconds, 95% of the time.

As changed by CR 09: The maximum response time for a parameter-based report is 20 seconds.

As changed by CR 09: The Contractor must respond to (i.e. begin taking actions to resolve) within 15 minutes incidences that have or may result in unscheduled downtime. The Contractor will provide timeline evidence documenting the compliance with this requirement post-resolution of unscheduled downtime incidences.

As changed by CR 08: Unscheduled System down time per occurrence- Unscheduled system downtime, excluding occurrences requiring the Disaster Recovery process be implemented, shall not exceed 2 hours per occurrence.

**System Disaster Recovery Performance Measures**

Recovery Time Objective (RTO) shall be within 4 hours. In case of a disaster that effects the PBM operations, the entire service shall be restored within 4 hours.

Recovery Point Objective (RPO) shall be no more than 1 hour of data loss. In case of a disaster that effects the PBM operations, 1 hour of data inputs to the system (but no more) may be lost and need to be re-entered.

**Call Center & Business Measures**

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First Call Resolution Rate shall be 90% or greater. First contact completion applies when the first person the customer reaches either answers the question, resolves the problem, or dispatches service where appropriate.

As changed by CR 09: Call Answering Time - 95% of all calls entering the hold queue shall be answered within 60 seconds by an agent.

As changed by CR 09: Call abandonment Rate shall be 5% or less. This is the % of calls that are disconnected/abandoned after entering the hold queue.

Average POS response time of 3 seconds or less on all transaction. (Response time means the time from when the claim is received by the Contractor's processor to the time the results are transmitted from the Contractor's processor and includes all procedures required to complete claim adjudication). To be measured monthly.

The Contractor must notify staff designated by the State of Vermont of performance issues impacting POS adjudication, and Prior Authorizations, within 15 minutes of the Contractor's knowledge of the system problems.

99% of provider enrollment and beneficiary eligibility data is updated within 4 hours of receipt of the eligibility or provider information, including electronic file transfers or manual updates. Urgent provider or eligibility updates will be addressed within 15 minutes of receipt of provider information and may include an electronic or manual update. No measurement needed.

99.9% of all prescription claims within a year shall be processed according to DVHA's Business Rules. No report is needed for this SLA.

The Contractor shall notify the State according to the current Business Associate Agreement in place between the State of Vermont and Contractor of any security or data breach including PHI or PII data breach and shall follow and be responsible for the incident response procedures and activation.

The Contractor shall be required to correct any Federal or State audit findings specific to the PBMS environment in the time frame specified in the audit report.

The Contractor shall provide a detailed approach to Operational Management in line with the State's strategy. Additionally, the Contractor shall provide detailed Operational information on automated and manual tools as well as details on processes that shall be performed by the Contractor to ensure effective system control, reliability, documentation, and recovery.

Provide the capability to track, monitor, and report on all activities as defined within SLAs.

Provide an automated real-time capability to track and monitor performance of all system components (End-to-End).

The Contractor shall meet all applicable HIPAA standards for the protection of PHI and PII data and shall be held responsible to remediate any system breach that results in identify theft. The Contractor shall be responsible for all regulatory fines and direct damages related to any breach of PHI or PII data security.

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The Contractor shall meet all federal mandates and deadlines for compliance as defined the Regulatory and Security tab. All Security efforts, to bring the PBMS under compliance, shall not be considered as separately payable under the PBMS Application Support arrangement but should be factored into the overall cost for providing the system to State.

Facilitate the continued improvement of performance and process efficiency by providing reporting that includes both current values and historical data with sampling frequencies and timeframes.

Provide an automated performance monitoring system to measure operational performance against defined Service Level Agreements and report results using a Scorecard.

The System shall have the ability to generate administrative alerts and warnings when statistics indicate an impact or potential limits on system performance and availability. This includes alerts from every System component including the Database.

The Contractor must notify staff designated by the Department of performance issues impacting PA processing within 30 minutes of the Contractor's knowledge of system problems.

100% of the monthly and quarterly standard management reports shall be available and delivered to the Department within 30 days after the end of each quarter.

*Assignment Management*

85% of all calls are resolved within two business days of receipt

All written inquiries shall be responded to within two business days

Ongoing change requests including programming changes requested the Department, are completed within 20 business days or 30 calendar days of receipt of the request, unless other time parameters are agreed to by the State.

The Contractor guarantees a satisfaction rating of at least 100 for satisfied or very satisfied. The Contractor shall survey Department staff and report results back to the State.

*Best Practice*

The Contractor guarantees the timing of response to the Department comments of the contract draft within 10 business days of the receipt of the contract requested changes.

**ATTACHMENT B  
PAYMENT PROVISIONS**

The maximum dollar amount payable under this agreement is not intended as any form of a guaranteed amount. The Contractor will be paid for products or services actually performed and/or delivered as specified in Attachment A up to the maximum allowable amount specified in this agreement. State of Vermont payment terms are Net 30 days from date of invoice, and payments against this contract will comply with the State's payment terms. The payment schedule for delivered products, or rates for services performed, and any additional reimbursements, are included in this attachment. The following provisions specify particular payment terms:

1. Contract Maximum. The total maximum amount payable under this contract shall not exceed \$18,283,799.20. This is inclusive of the base agreement maximum amount of \$12,926,788.55, and the Amendment 2 inclusion of Year 4 Operational costs totaling \$4,047,474.65 and Year 3 e-COB costs of \$1,309,536. Amendment 3 does not increase the maximum contract amount. All rates set forth in this contact are all-inclusive. No expenses, benefits, or insurance will be deemed reimbursable to the Contractor by the State under this Contract.

2. Table B-1: Total Cost Summary

Description	Total One-time Costs	Year 1	Year 2	Year 3	Year 4	Total Costs
Implementation / Configuration	\$2,018,775.75	-	-	-	-	\$2,018,775.75
Contingency (Budget for Unanticipated Tasks)	\$10,047.50	-	-	-	-	\$10,047.50
<b>Total DDI</b>	<b>\$2,028,823.25</b>	-	-	-	-	<b>\$2,028,823.25</b>
Claims Processing and Operational Support	-	\$1,243,053.84	\$1,289,683.30	\$1,252,778.58	\$1,219,894.73	\$5,005,410.45
Clinical Program Management and Support	-	\$1,103,679.76	\$1,146,248.42	\$1,104,065.24	\$1,065,810.74	\$4,419,804.16
Financial Support Services	-	\$689,329.80	\$715,973.94	\$689,169.76	\$664,836.77	\$2,759,310.27
Medication Therapy Management Program-Medicaid	-	\$425,000.00	\$437,750.00	\$450,882.50	\$464,408.98	\$1,778,041.48
M&O Contingency	-	\$113,348.90	\$116,749.39	\$120,251.87	\$123,859.43	\$474,209.59
eCOB Costs 1/1/15 – 6/30/17 \$35.30 per avoided claim, not to exceed 30,000 claims (paid out in Year 3)	-	-	-	\$1,059,000.00	-	\$1,059,000.00
eCOB costs 7/1/17 – 12/31/18 \$37.96 per avoided claim, not to exceed 20,000 claims	-	-	-	\$250,536.00	\$508,664.00	\$759,200.00
<b>Total O&amp;M</b>	<b>\$3,574,412.30</b>	<b>\$3,706,405.05</b>	<b>\$4,926,683.95</b>	<b>\$4,047,474.65</b>	<b>\$16,254,975.95</b>	
<b>Total Costs including One-time Costs and Ongoing Costs</b>	<b>\$2,028,823.25</b>	<b>\$3,574,412.30</b>	<b>\$3,706,405.05</b>	<b>\$4,926,683.95</b>	<b>\$4,047,474.65</b>	<b>\$18,283,799.20</b>

3. In the event the State elects to pursue option year 5 of this contract, the Contractor agrees to the prices for its work indicated in its bid to the State as follows:

Table B-2: Optional Year 5 Costs

Description	Year 5
Contingency (Budget for Unanticipated Tasks)	\$127,575.21
Claims Processing and Operational Support	\$1,340,778.30
Clinical Program Management and Support	\$1,183,159.35
Financial Support Services	\$738,616.62

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Medication Therapy Management Program-Medicaid	\$478,341.25
eCOB Services	\$650,000.00
<b>Total Costs</b>	<b>\$4,518,470.73</b>

**4. Contingency Funds**

Work performed under the contingency line items called out in Table B-1 shall not exceed \$474,209.59. The contingency line items may be billed by deliverable, fixed price, or by Customer Service (CSRs) hour as requested by the State. The Parties may initiate the CSR process leading to a new project need by utilizing the formal Change Request Process in Attachment A, Section XI. CSR hours will be billed per hour as utilized. As of May 1, 2014, the base rate for CSR hours is \$108.25. Effective January 1, 2015, the hourly rate for billable project CSR hours will be increased from the 2014 base rate of \$108.25 per hour at the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) inflation rate and the per hour State reimbursement for any hours remaining at the termination of the contract will also be increased at the CPI-W inflation rate. CSR hours are not expended for new project proposal development as indicated below. The Contractor agrees to provide the following number of CSRs hours to the State:

Between May 1, 2014 and December 31, 2014, the Contractor shall allow the State up to 1,017 CSR Hrs.

Between January 1, 2015 and December 31, 2015, the Contractor shall allow the State up to 1,017 CSR Hrs.

Between January 1, 2016 and December 31, 2016, the Contractor shall allow the State up to 1,017 CSR Hrs.

Between January 1, 2017 and December 31, 2017, the Contractor shall allow the State up to 1,017 CSR Hrs.

Between January 1, 2018 and December 31, 2018, the Contractor shall allow the State up to 1,017 CSR Hrs.

Any unused CSR hours may be carried over to the following year. State will have the option to purchase additional CSR allocations annually in minimum block of 500 per year at a rate of \$98.25/hour through December 31, 2018. Any purchase of additional blocks of hours will be reduced to writing and incorporated into a signed amendment to this contract.

**5. Table B-3 outlines the details for payment for the DDI phase (\$2,018,775.77) and a contingency amount (\$10,047.50).**

**Table B-3 DDI Milestones**

PROJECT MILESTONES	DOLLAR VALUE OF MILESTONE PAYMENT
<b>Project Initiation Activities</b>	
Deliverable 1 — Project Kick-off Presentation	
Deliverable 2 — Project Management Plan	\$95,938.79
Deliverable 3 — Project Work Plan and Schedule	
Deliverable 4 — Weekly Project Status Reports Established	
<b>Requirements Analysis</b>	<b>\$287,816.36</b>

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<b>PROJECT MILESTONES</b>	<b>DOLLAR VALUE OF MILESTONE PAYMENT</b>
JAD Sessions Complete	
Deliverable 5 — Requirements methodology and Template	
Deliverable 6 — Cross-Walk of contract Requirements against Contractor's proposed PBMS	
Deliverable 7 — Detailed Functional and Non-Functional Requirements Traceability Matrices	
<b>Business and Technical Design Phase 1</b>	
Deliverable 8.1 — Configuration Design Document	\$95,938.79
Deliverable 9.1 — Data Integration and Interface Design Document	
<b>Business and Technical Design Phase 2</b>	
Deliverable 8.2 — Configuration Design Document	\$95,938.79
Deliverable 9.2 — Data Integration and Interface Design Document	
<b>Conversion Activities</b>	\$191,877.57
Deliverable 10 – Demonstration of successful initial data conversion	
<b>Configuration and Development Phase 1</b>	
Deliverable 11.1 — Client Review of Configuration Phase 1	\$143,908.18
Deliverable 12.1 — Unit Testing Results Phase 1	
<b>Configuration and Development Phase 2</b>	
Deliverable 11.2 – Client Review of Configuration Phase 2	\$100,735.73
Deliverable 12.2 — Unit Testing Results Phase 2	
<b>Configuration and Development Phase 3</b>	\$43,172.45
Deliverable 12.3 – Unit Testing Results Phase 3	
<b>System Testing Phase 1</b>	\$95,938.79
Deliverable 13.1 — Documented System Test Results Phase 1	
<b>System Testing Phase 2</b>	\$67,157.15
Deliverable 13.2 — Documented System Test Results Phase 2	
<b>System Testing Phase 3</b>	\$28,781.64
Deliverable 13.3 — Documented System Test Results Phase 3	
<b>Acceptance Testing Phase 1</b>	\$95,938.79
Deliverable 14.1 — User Acceptance Phase 1	
<b>Acceptance Testing Phase 2</b>	\$67,157.15
Deliverable 14.2 — User Acceptance Phase 2	
<b>Acceptance Testing Phase 3</b>	\$28,781.64
Deliverable 14.3 — User Acceptance Phase 3	
<b>Training Phase 1</b>	
Deliverable 15 — Training Plan Phase 1	
Deliverable 16.1 — Training Materials Phase 1	\$47,969.40
Deliverable 17.1 — Documented Evidence of Successful End-User Learning – Phase 1	

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PROJECT MILESTONES	DOLLAR VALUE OF MILESTONE PAYMENT
<b>Training Phase 2</b>	
Deliverable 16.2 — Training Materials Phase 2	\$33,578.58
Deliverable 17.2 — Documented Evidence of Successful End-User Learning Phase 2	
<b>Training Phase 3</b>	
Deliverable 16.3 — Training Materials Phase 3	\$14,390.82
Deliverable 17.3 — Documented Evidence of Successful End-User Learning Phase 3	
<b>POS Implementation</b>	
Deliverable 18 — Deployment Plan	
Deliverable 19 — CMS Certification Plan	
Deliverable 20 — System Documentation	\$191,877.57
Deliverable 21 — Performance SLAs Reporting Tools and pre-go live results	
Deliverable 22 — Final Data Conversion	
Deliverable 23 — Rollout (Go Live)	
<b>Production Support (Transition to Operations) Phases 1 &amp; 2</b>	
Deliverable 24.1, 24.2 - Post go live support plan	
Deliverable 25.1, 25.2 - Systems Acceptance (punch list completion)	\$81,547.97
Deliverable 27.1, 27.2 - Operations and Maintenance Procedure Manuals	
Deliverable 28 – Disaster Recovery and Business Continuity Plans	
<b>Production Support (Transition to Operations) Phase 3</b>	
Deliverable 24.3 - Post go live support plan	\$14,390.80
Deliverable 25.3 - Systems Acceptance (punch list completion)	
Deliverable 27.3 - Operations and Maintenance Procedure Manuals	
<b>Certification of POS</b>	
Deliverable 26.A - CMS Certification – (letter from CMS)	\$95,938.80
Deliverable 26.B – Submission of Certification Evidence Package	\$75,000.00
Deliverable 26.C – Enhanced Certification Staff Support	\$25,000.00
<b>SUBTOTAL</b>	\$2,018,775.75
<b>Contingency</b>	\$10,047.50
<b>Total DDI</b>	<b>\$2,028,823.25</b>

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6. Table B-4 outlines the details for payment for Operations and Maintenance years 1-4 (\$15,780,766.36) and a contingency amount (\$474,209.59).

Table B-4 PBM Operations

Description	Unit of Measure	Year 1 Cost	Year 2 Cost	Year 3 Cost	Year 4 Cost	Total Ongoing Costs
<b>Claims Processing and Operational Support</b>		<b>\$1,243,053.84</b>	<b>\$1,289,683.30</b>	<b>\$1,252,778.58</b>	<b>\$1,219,894.73</b>	<b>\$5,005,410.45</b>
POS Claims Processing (includes eligibility, adjudication, pricing, FUL, SMAC, 340B, COB, benefit design, Pro-DUR, all other edits, audits, restrictions)*	per month	\$689,329.92	\$715,973.94	\$689,169.76	\$664,836.77	\$2,759,310.39
Provider Support: Provider Portals, Provider Support, Call Center(s)-Technical and Clinical, Provider Communications	per month	\$389,923.92	\$404,995.36	\$389,833.40	\$376,069.28	\$1,560,821.96
Electronic Prescribing Support and Interface	per transaction	\$163,800.00	\$168,714.00	\$173,775.42	\$178,988.68	\$685,278.10
<b>Clinical Program Management and Support</b>		<b>\$1,103,679.76</b>	<b>\$1,146,248.42</b>	<b>\$1,104,065.24</b>	<b>\$1,065,810.74</b>	<b>\$4,419,804.16</b>
Prior Authorization - Electronic POS (Drug and Medical Look-Back)	per claim	\$206,798.96	\$214,792.18	\$206,750.93	\$199,451.03	\$827,793.10
Prior Authorization - Manual/Call Center	per claim	\$357,198.20	\$371,004.68	\$357,115.24	\$344,506.33	\$1,429,824.45
Prior Authorization-Electronic Medical Record/Electronic Health Record	per transaction	\$10,500.00	\$10,815.00	\$11,139.45	\$11,473.63	\$43,928.08
State Maximum Allowable Cost Program(SMAC)	per month	\$83,555.16	\$86,784.72	\$83,535.73	\$80,586.28	\$334,461.89
All other Clinical Programs and Services: PDL Management, Utilization Management, Retrospective Drug Utilization Review, DUR Board Support, Appeals Support, Specialty Pharmacy programs, Consultative Support	per month	\$445,627.44	\$462,851.84	\$445,523.89	\$429,793.47	\$1,783,796.64
<b>Financial Support Services</b>		<b>\$689,329.80</b>	<b>\$715,973.94</b>	<b>\$689,169.76</b>	<b>\$664,836.77</b>	<b>\$2,759,310.27</b>
Management of State and Federal rebate programs	per month	\$612,737.64	\$636,421.28	\$612,595.35	\$590,966.04	\$2,452,720.31
Administration and support of Supplemental rebate program	per month	\$41,777.52	\$43,392.36	\$41,767.86	\$40,293.13	\$167,230.87
Analytics and reporting	per month	\$34,814.64	\$36,160.30	\$34,806.55	\$33,577.60	\$139,359.09
<b>Other Services</b>		<b>\$425,000.00</b>	<b>\$437,750.00</b>	<b>\$1,760,418.50</b>	<b>\$937,072.98</b>	<b>\$3,596,241.48</b>
Medication Therapy Management Program-Medicaid	Per Member Per Month	\$425,000.00	\$437,750.00	\$450,882.50	\$464,408.98	\$1,778,041.48

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Description	Unit of Measure	Year 1 Cost	Year 2 Cost	Year 3 Cost	Year 4 Cost	Total Ongoing Costs
eCOB Costs 1/1/15 – 6/30/17 \$35.30 per avoided claim, not to exceed 30,000 claims (paid out in Year 3)	Per verified cost avoided transaction	-	-	\$1,059,000.00	-	\$1,059,000.00
eCOB costs 7/1/17 – 12/31/18 \$37.96 per avoided claim, not to exceed 20,000 claims	Per verified cost avoided transaction	-	-	\$250,536.00	\$508,664.00	\$759,200.00
<b>Total PBM Operations</b>		<b>\$3,461,063.40</b>	<b>\$3,589,655.66</b>	<b>\$4,806,432.08</b>	<b>\$3,923,615.22</b>	<b>\$15,780,766.36</b>
<b>Total Contingency</b>		<b>\$113,348.90</b>	<b>\$116,749.39</b>	<b>\$120,521.87</b>	<b>\$123,859.43</b>	<b>\$474,209.59</b>
<b>Total Cost</b>		<b>\$3,574,412.30</b>	<b>\$3,706,405.05</b>	<b>\$4,926,683.95</b>	<b>\$4,047,474.65</b>	<b>\$16,254,975.95</b>

7. For eCOB services performed pursuant to Section I.1 Supplemental External Coordination of Benefits (cCOB) for Pharmacy Claims in Attachment A, the State shall pay the following rates per verified cost avoided transaction during the time periods specified below:
  - a. January 1, 2015 – June 30, 2017: \$35.30 per verified cost avoided transaction not to exceed \$1,059,000
  - b. July 1, 2017 – December 31, 2018: \$37.96 per verified cost avoided transaction not to exceed \$759,200
8. Invoices. Unless otherwise specifically provided in Attachment A, Contractor shall issue to the State, monthly in arrears, a separate invoice in U.S. Dollars for the amounts due for work provided in Attachment A provided in the previous month. Each invoice shall include such detail and categories of information as mutually agreed upon by the parties in good faith. Each invoice shall itemize the specific sections of the Statement of Work on which such Charge is based and include calculations used to establish such Charges. Invoices shall be coded and charges segregated as directed by the State to facilitate proper accounting among multiple funding sources and different cost allocations among different parts of the solution. All periodic Charges under this agreement (excluding charges based upon actual usage or consumption of Services) shall be computed on a calendar month basis and shall be prorated for any partial month. Invoices must be submitted to: [AHS.DVHAGrantsContracts@vermont.gov](mailto:AHS.DVHAGrantsContracts@vermont.gov)
9. Payment.
  - a. Unless otherwise provided in Attachment A, the undisputed portion of each invoice properly rendered and delivered hereunder shall be due and payable within thirty (30) days following the date such invoice is received by the State. Any amounts disputed by the State shall be disputed in accordance with the provisions of Section 10 [Payment Disputes]. All payments shall be made to Contractor by the State in U.S. dollars, unless otherwise specifically agreed upon and set forth in the applicable amendment.
  - b. The Contractor will be compensated solely by the State. Accordingly, Contractor may not seek payment for Services provided to the State under this agreement from any other person or entity. No payments made under this agreement shall be construed as evidence of the adequate performance of the Services nor shall any payments be construed as acceptance of any unsatisfactory Services by the State.
10. Payment Disputes.

In order to dispute an invoice, or any part thereof, the State must set forth in writing the amount(s) disputed and the specific basis or reason for the dispute, which shall be reasonably detailed and not general or speculative in nature. The State shall forward a Payment Dispute Notice to Contractor on or prior to the due date of the invoice disputed. The State shall not dispute any invoice unless the State believes, in good faith, that the State is being charged for Services which have not been provided or at prices higher than those set forth in this agreement, or that manifest errors in calculation or the like have occurred, or that the State is otherwise being charged for items contrary to work described in the Attachment A of this contract.

Upon compliance with the foregoing provisions, the State may, at its option, withhold payment of the disputed amount(s) of the invoice, and shall remit to Contractor the undisputed amount(s), if any, in a timely manner. Upon receipt of the Payment Dispute Notice, both parties shall make reasonable, diligent, good faith efforts to resolve the dispute as soon as possible in accordance with the dispute resolution procedures set forth below:

- a. General. Unless specifically provided otherwise in this agreement, any dispute or controversy between the parties hereunder shall be resolved as provided in this Section. A dispute over payment will not entitle Contractor to withhold, suspend or decrease its required performance under this Agreement. Contractor shall continue performing its obligations hereunder while the parties are seeking to resolve any dispute in accordance with this Article, unless and until such obligations are terminated or expire in accordance with the provisions of this agreement and the existence of such dispute shall not relieve the Contractor of any of its obligations under this agreement.
- b. Informal Dispute Resolution. The parties may attempt to resolve any dispute or controversy hereunder, informally by submitting the dispute, in writing, managers responsible for the State and the Contractor ("Project Managers") who shall meet in person or by telephone conference call in an effort to resolve the dispute, as often as they deem necessary to gather and analyze any information relevant to the resolution of the dispute, but not less than once every day.
  - i. During the course of attempting to resolve the dispute informally, all reasonable requests for non-privileged information related to the dispute, made by one party to the other, shall be honored; provided, however, in attempting to resolve the dispute, the conduct and activities of the parties, any offers of compromise, all settlement proposals and/or information exchanged shall: (i) be considered information that is confidential and proprietary to each of the parties and therefore, prohibited from disclosure by either of them; (ii) be considered settlement discussions, and shall be inadmissible in any subsequent proceedings; and (iii) shall in no way be construed or deemed to preclude, prohibit or restrict either party, at any time or in any manner, from proceeding to litigation or otherwise exercising any right or remedy available to it under this agreement, at law or in equity.
  - ii. If the Project Managers determine in good faith that resolution through continued discussions does not appear likely or if the dispute is not resolved within five (5) business days after the dispute has been submitted in writing, either party may notify the other ("Dispute Notice") to proceed with the following escalation and dispute resolution procedures:
    - 1) The Project Managers shall gather any additional information relevant to the

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resolution of the dispute and which may be necessary and appropriate for presentation to the Contractor Account Manager and an executive designated by the State responsible for the Services involved in such dispute.

- 2) The Project Managers shall, within fifteen (15) business days after the Dispute Notice has been given, submit a report to the Contractor Account Director and Executive designated by the State which includes a description of the nature, extent and basis of the dispute, how the dispute arose, the U.S. dollar amount involved in the dispute, any agreed upon statements of fact, a fair, accurate and complete representation of the positions of each of the parties in the dispute, and any other information relevant to the dispute, including information that represents agreed upon stipulations and statements of fact, as well as points of disagreement between the parties. The Report shall include one or more recommendations and alternatives which the parties believe the Contractor Account Manager and designated State Executive should consider. A description of the projected impact of the failure to resolve the dispute promptly and amicably shall also be included in the submission. Each party may include separate statements of impact, recommendations or other information to the extent any of the participants cannot or do not agree on particular items.
- 3) Not later than ten (10) days after the Report in connection with any dispute is submitted to them for review, the Contractor Account Manager and designated State Executive shall meet in an attempt to resolve the dispute. Either party may request additional information, material, advice, and input from individuals and organizations inside or outside the State's and Contractor's organization.
- 4) If the Contractor Account Manager and designated State Executive are unable to resolve the dispute within five (5) business days after the aforesaid meeting date, the parties may mutually agree to refer the dispute to non-binding mediation, which shall be conducted using the rules and procedures promulgated by the American Arbitration Association, applicable to mediation in a location to be agreed upon in Vermont, where the parties agree all such proceedings shall be conducted. Such mediation shall be conducted by a qualified neutral, independent third-party mediator, knowledgeable in the subject matter of the dispute and, if the parties cannot agree upon a mediator, each party shall select such a mediator and the two (2) mediators so selected shall mutually agree upon a third and the mediation shall, in that case, be conducted by a panel of the three (3) mediators so selected. Each party shall bear its own expenses and an equal share of the expenses of the mediator(s) and the any related fees.
- 5) If the parties accept and agree to the mediators' recommendations or otherwise reach agreement resolving the dispute, such agreement shall be made in writing and once duly executed, shall be binding on the parties; provided, however, that for the avoidance of any doubt or ambiguity, nothing in this agreement shall be construed as restricting, prohibiting, preventing or otherwise impairing either party from proceeding to litigation, instituting judicial or other proceedings, including a formal claim or legal action, or from pursuing any and all other legal, equitable or contractual remedies available to such party, at any time. Notwithstanding anything in this agreement to the contrary, the State shall not agree to arbitration and the State shall not waive any right to a trial by jury.

**ATTACHMENT E  
BUSINESS ASSOCIATE AGREEMENT**

**THIS BUSINESS ASSOCIATE AGREEMENT ("AGREEMENT") IS ENTERED INTO BY AND BETWEEN THE STATE OF VERMONT AGENCY OF HUMAN SERVICES, OPERATING BY AND THROUGH ITS DEPARTMENT OF VERMONT HEALTH ACCESS ("COVERED ENTITY") AND CHANGE HEALTHCARE PHARMACY SOLUTIONS, INC. ("BUSINESS ASSOCIATE") AS OF MAY 1, 2014 ("EFFECTIVE DATE"). THIS AGREEMENT SUPPLEMENTS AND IS MADE A PART OF THE CONTRACT/GRANT TO WHICH IT IS ATTACHED.**

Covered Entity and Business Associate enter into this Agreement to comply with standards promulgated under the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), including the Standards for the Privacy of Individually Identifiable Health Information, at 45 CFR Parts 160 and 164 ("Privacy Rule"), and the Security Standards, at 45 CFR Parts 160 and 164 ("Security Rule"), as amended by Subtitle D of the Health Information Technology for Economic and Clinical Health Act (HITECH), and any associated federal rules and regulations.

The parties agree as follows:

**1. Definitions.** All capitalized terms used but not otherwise defined in this Agreement have the meanings set forth in 45 CFR Parts 160 and 164 as amended by HITECH and associated federal rules and regulations.

"Agent" means those person(s) who are agents(s) of the Business Associate, in accordance with the Federal common law of agency, as referenced in 45 CFR § 160.402(c).

"Breach" means the acquisition, access, use or disclosure of protected health information (PHI) which compromises the security or privacy of the PHI, except as excluded in the definition of Breach in 45 CFR § 164.402.

"Business Associate shall have the meaning given in 45 CFR § 160.103.

"Individual" includes a person who qualifies as a personal representative in accordance with 45 CFR § 164.502(g).

"Protected Health Information" or PHI shall have the meaning given in 45 CFR § 160.103, limited to the information created or received by Business Associate from or on behalf of Agency.

"Security Incident" means any known successful or unsuccessful attempt by an authorized or unauthorized individual to inappropriately use, disclose, modify, access, or destroy any information or interference with system operations in an information system.

"Services" includes all work performed by the Business Associate for or on behalf of Covered Entity that requires the use and/or disclosure of protected health information to perform a business associate function described in 45 CFR § 160.103 under the definition of Business Associate.

“Subcontractor” means a person or organization to whom a Business Associate delegates a function, activity or service, other than in the capacity of a member of the workforce of the Business Associate. For purposes of this Agreement, the term Subcontractor includes Subgrantees.

**2. Identification and Disclosure of Privacy and Security Offices.** Business Associate and Subcontractors shall provide, within ten (10) days of the execution of this agreement, written notice to the Covered Entity’s contract/grant manager the names and contact information of both the HIPAA Privacy Officer and HIPAA Security Officer. This information must be updated any time either of these contacts changes.

**3. Permitted and Required Uses/Disclosures of PHI.**

3.1 Except as limited in this Agreement, Business Associate may use or disclose PHI to perform Services, as specified in the underlying grant or contract with Covered Entity. The uses and disclosures of Business Associate are limited to the minimum necessary, to complete the tasks or to provide the services associated with the terms of the underlying agreement. Business Associate shall not use or disclose PHI in any manner that would constitute a violation of the Privacy Rule if used or disclosed by Covered Entity in that manner. Business Associate may not use or disclose PHI other than as permitted or required by this Agreement or as Required by Law.

3.2 Business Associate may make PHI available to its employees who need access to perform Services provided that Business Associate makes such employees aware of the use and disclosure restrictions in this Agreement and binds them to comply with such restrictions. Business Associate may only disclose PHI for the purposes authorized by this Agreement: (a) to its agents and Subcontractors in accordance with Sections 9 and 18 or, (b) as otherwise permitted by Section 3.

3.3 Business Associate shall be directly liable under HIPAA for impermissible uses and disclosures of the PHI it handles on behalf of Covered Entity, and for impermissible uses and disclosures, by Business Associate’s Subcontractor(s), of the PHI that Business Associate handles on behalf of Covered Entity and that it passes on to Subcontractors.

**4. Business Activities.** Business Associate may use PHI received in its capacity as a Business Associate to Covered Entity if necessary for Business Associate’s proper management and administration or to carry out its legal responsibilities. Business Associate may disclose PHI received in its capacity as Business Associate to Covered Entity for Business Associate’s proper management and administration or to carry out its legal responsibilities if a disclosure is Required by Law or if Business Associate obtains reasonable written assurances via a written agreement from the person to whom the information is to be disclosed that the PHI shall remain confidential and be used or further disclosed only as Required by Law or for the purpose for which it was disclosed to the person, and the Agreement requires the person or entity to notify Business Associate, within two (2) business days (who in turn will notify Covered Entity within two (2) business days after receiving notice of a Breach as specified in Section 6.1), in writing of any Breach of Unsecured PHI of which it is aware. Uses and disclosures of PHI for the purposes identified in Section 3 must be of the minimum amount of PHI necessary to accomplish such purposes.

**5. Safeguards.** Business Associate, its Agent(s) and Subcontractor(s) shall implement and use appropriate safeguards to prevent the use or disclosure of PHI other than as provided for by this Agreement. With respect to any PHI that is maintained in or transmitted by electronic media, Business

Associate or its Subcontractor(s) shall comply with 45 CFR sections 164.308 (administrative safeguards), 164.310 (physical safeguards), 164.312 (technical safeguards) and 164.316 (policies and procedures and documentation requirements). Business Associate or its Agent(s) and Subcontractor(s) shall identify in writing upon request from Covered Entity all of the safeguards that it uses to prevent impermissible uses or disclosures of PHI.

**6. Documenting and Reporting Breaches.**

6.1 Business Associate shall report to Covered Entity any Breach of Unsecured PHI, including Breaches reported to it by a Subcontractor, as soon as it (or any of its employees or agents) becomes aware of any such Breach, and in no case later than two (2) business days after it (or any of its employees or agents) becomes aware of the Breach, except when a law enforcement official determines that a notification would impede a criminal investigation or cause damage to national security.

6.2 Business Associate shall provide Covered Entity with the names of the individuals whose Unsecured PHI has been, or is reasonably believed to have been, the subject of the Breach and any other available information that is required to be given to the affected individuals, as set forth in 45 CFR § 164.404(c), and, if requested by Covered Entity, information necessary for Covered Entity to investigate the impermissible use or disclosure. Business Associate shall continue to provide to Covered Entity information concerning the Breach as it becomes available to it. Business Associate shall require its Subcontractor(s) to agree to these same terms and conditions.

6.3 When Business Associate determines that an impermissible acquisition, use or disclosure of PHI by a member of its workforce is not a Breach, as that term is defined in 45 CFR § 164.402, and therefore does not necessitate notice to the impacted individual(s), it shall document its assessment of risk, conducted as set forth in 45 CFR § 402(2). When requested by Covered Entity, Business Associate shall make its risk assessments available to Covered Entity. It shall also provide Covered Entity with 1) the name of the person(s) making the assessment, 2) a brief summary of the facts, and 3) a brief statement of the reasons supporting the determination of low probability that the PHI had been compromised. When a breach is the responsibility of a member of its Subcontractor's workforce, Business Associate shall either 1) conduct its own risk assessment and draft a summary of the event and assessment or 2) require its Subcontractor to conduct the assessment and draft a summary of the event. In either case, Business Associate shall make these assessments and reports available to Covered Entity.

6.4 Business Associate shall require, by contract, a Subcontractor to report to Business Associate and Covered Entity any Breach of which the Subcontractor becomes aware, no later than two (2) business days after becomes aware of the Breach.

**7. Mitigation and Corrective Action.** Business Associate shall mitigate, to the extent practicable, any harmful effect that is known to it of an impermissible use or disclosure of PHI, even if the impermissible use or disclosure does not constitute a Breach. Business Associate shall draft and carry out a plan of corrective action to address any incident of impermissible use or disclosure of PHI. If requested by Covered Entity, Business Associate shall make its mitigation and corrective action plans available to Covered Entity. Business Associate shall require a Subcontractor to agree to these same terms and conditions.

**8. Providing Notice of Breaches.**

8.1 If Covered Entity determines that an impermissible acquisition, access, use or disclosure of PHI for which one of Business Associate's employees or agents was responsible

constitutes a Breach as defined in 45 CFR § 164.402, and if requested by Covered Entity, Business Associate shall provide notice to the individual(s) whose PHI has been the subject of the Breach. When requested to provide notice, Business Associate shall consult with Covered Entity about the timeliness, content and method of notice, and shall receive Covered Entity's approval concerning these elements. The cost of notice and related remedies shall be borne by Business Associate.

8.2 If Covered Entity or Business Associate determines that an impermissible acquisition, access, use or disclosure of PHI by a Subcontractor of Business Associate constitutes a Breach as defined in 45 CFR § 164.402, and if requested by Covered Entity or Business Associate, Subcontractor shall provide notice to the individual(s) whose PHI has been the subject of the Breach. When Covered Entity requests that Business Associate or its Subcontractor provide notice, Business Associate shall either 1) consult with Covered Entity about the specifics of the notice as set forth in section 8.1, above, or 2) require, by contract, its Subcontractor to consult with Covered Entity about the specifics of the notice as set forth in section 8.1

8.3 The notice to affected individuals shall be provided as soon as reasonably possible and in no case later than 60 calendar days after Business Associate reported the Breach to Covered Entity.

8.4 The notice to affected individuals shall be written in plain language and shall include, to the extent possible, 1) a brief description of what happened, 2) a description of the types of Unsecured PHI that were involved in the Breach, 3) any steps individuals can take to protect themselves from potential harm resulting from the Breach, 4) a brief description of what the Business Associate is doing to investigate the Breach, to mitigate harm to individuals and to protect against further Breaches, and 5) contact procedures for individuals to ask questions or obtain additional information, as set forth in 45 CFR § 164.404(c).

8.5 Business Associate shall notify individuals of Breaches as specified in 45 CFR § 164.404(d) (methods of individual notice). In addition, when a Breach involves more than 500 residents of Vermont, Business Associate shall, if requested by Covered Entity, notify prominent media outlets serving Vermont, following the requirements set forth in 45 CFR § 164.406.

**9. Agreements with Subcontractors.** Business Associate shall enter into a Business Associate Agreement with any Subcontractor to whom it provides PHI received from Covered Entity or created or received by Business Associate on behalf of Covered Entity in which the Subcontractor agrees to the same restrictions and conditions that apply through this Agreement to Business Associate with respect to such PHI. Business Associate must enter into this Business Associate Agreement before any use by or disclosure of PHI to such agent. The written agreement must identify Covered Entity as a direct and intended third party beneficiary with the right to enforce any breach of the agreement concerning the use or disclosure of PHI. Business Associate shall provide a copy of the Business Associate Agreement it enters into with a subcontractor to Covered Entity upon request. Business associate may not make any disclosure of PHI to any Subcontractor without prior written consent of Covered Entity.

**10. Access to PHI.** Business Associate shall provide access to PHI in a Designated Record Set to Covered Entity or as directed by Covered Entity to an Individual to meet the requirements under 45 CFR § 164.524. Business Associate shall provide such access in the time and manner reasonably designated by Covered Entity. Within three (3) business days, Business Associate shall forward to Covered Entity for handling any request for access to PHI that Business Associate directly receives from an Individual.

11. **Amendment of PHI.** Business Associate shall make any amendments to PHI in a Designated Record Set that Covered Entity directs or agrees to pursuant to 45 CFR § 164.526, whether at the request of Covered Entity or an Individual. Business Associate shall make such amendments in the time and manner reasonably designated by Covered Entity. Within three (3) business days, Business Associate shall forward to Covered Entity for handling any request for amendment to PHI that Business Associate directly receives from an Individual.

12. **Accounting of Disclosures.** Business Associate shall document disclosures of PHI and all information related to such disclosures as would be required for Covered Entity to respond to a request by an Individual for an accounting of disclosures of PHI in accordance with 45 CFR § 164.528. Business Associate shall provide such information to Covered Entity or as directed by Covered Entity to an Individual, to permit Covered Entity to respond to an accounting request. Business Associate shall provide such information in the time and manner reasonably designated by Covered Entity. Within three (3) business days, Business Associate shall forward to Covered Entity for handling any accounting request that Business Associate directly receives from an Individual.

13. **Books and Records.** Subject to the attorney-client and other applicable legal privileges, Business Associate shall make its internal practices, books, and records (including policies and procedures and PHI) relating to the use and disclosure of PHI received from Covered Entity or created or received by Business Associate on behalf of Covered Entity available to the Secretary of HHS in the time and manner designated by the Secretary. Business Associate shall make the same information available to Covered Entity, upon Covered Entity's request, in the time and manner reasonably designated by Covered Entity so that Covered Entity may determine whether Business Associate is in compliance with this Agreement.

14. **Termination.**

14.1 This Agreement commences on the Effective Date and shall remain in effect until terminated by Covered Entity or until all of the PHI provided by Covered Entity to Business Associate or created or received by Business Associate on behalf of Covered Entity is destroyed or returned to Covered Entity subject to Section 19.8.

14.2 If Business Associate breaches any material term of this Agreement, Covered Entity may either: (a) provide an opportunity for Business Associate to cure the breach and Covered Entity may terminate the contract or grant without liability or penalty if Business Associate does not cure the breach within the time specified by Covered Entity; or (b) immediately terminate the contract or grant without liability or penalty if Covered Entity believes that cure is not reasonably possible; or (c) if neither termination nor cure are feasible, Covered Entity shall report the breach to the Secretary. Covered Entity has the right to seek to cure any breach by Business Associate and this right, regardless of whether Covered Entity cures such breach, does not lessen any right or remedy available to Covered Entity at law, in equity, or under the contract or grant, nor does it lessen Business Associate's responsibility for such breach or its duty to cure such breach.

15. **Return/Destruction of PHI.**

15.1 Business Associate in connection with the expiration or termination of the contract or grant shall return or destroy, at the discretion of the Covered Entity, all PHI received from Covered Entity or created or received by Business Associate on behalf of Covered Entity pursuant to this contract or grant that Business Associate still maintains in any form or medium

(including electronic) within thirty (30) days after such expiration or termination. Business Associate shall not retain any copies of the PHI. Business Associate shall certify in writing for Covered Entity (1) when all PHI has been returned or destroyed and (2) that Business Associate does not continue to maintain any PHI. Business Associate is to provide this certification during this thirty (30) day period.

15.2 Business Associate shall provide to Covered Entity notification of any conditions that Business Associate believes make the return or destruction of PHI infeasible. If Covered Entity agrees that return or destruction is infeasible, Business Associate shall extend the protections of this Agreement to such PHI and limit further uses and disclosures of such PHI to those purposes that make the return or destruction infeasible for so long as Business Associate maintains such PHI. This shall also apply to all Agents and Subcontractors of Business Associate.

16. **Penalties.** Business Associate understands that: (a) there may be civil or criminal penalties for misuse or misappropriation of PHI and (b) violations of this Agreement may result in notification by Covered Entity to law enforcement officials and regulatory, accreditation, and licensure organizations.

17. **Training.** Business Associate understands that it is its obligation to comply with the law and shall provide appropriate training and education to ensure compliance with this Agreement. If requested by Covered Entity, Business Associate shall participate in AHS training regarding the use, confidentiality, and security of PHI, however, participation in such training shall not supplant nor relieve Business Associate of its obligations under this Agreement to independently assure compliance with the law and this Agreement.

18. **Security Rule Obligations.** The following provisions of this section apply to the extent that Business Associate creates, receives, maintains or transmits Electronic PHI on behalf of Covered Entity.

18.1 Business Associate shall implement and use administrative, physical, and technical safeguards in compliance with 45 CFR sections 164.308, 164.310, and 164.312 with respect to the Electronic PHI that it creates, receives, maintains or transmits on behalf of Covered Entity. Business Associate shall identify in writing upon request from Covered Entity all of the safeguards that it uses to protect such Electronic PHI.

18.2 Business Associate shall ensure that any Agent and Subcontractor to whom it provides Electronic PHI agrees in a written agreement to implement and use administrative, physical, and technical safeguards that reasonably and appropriately protect the Confidentiality, Integrity and Availability of the Electronic PHI. Business Associate must enter into this written agreement before any use or disclosure of Electronic PHI by such Agent or Subcontractor. The written agreement must identify Covered Entity as a direct and intended third party beneficiary with the right to enforce any breach of the agreement concerning the use or disclosure of Electronic PHI. Business Associate shall provide a copy of the written agreement to Covered Entity upon request. Business Associate may not make any disclosure of Electronic PHI to any Agent or Subcontractor without the prior written consent of Covered Entity.

18.3 Business Associate shall report in writing to Covered Entity any Security Incident pertaining to such Electronic PHI (whether involving Business Associate or an Agent or Subcontractor). Business Associate shall provide this written report as soon as it becomes aware of any such Security Incident, and in no case later than two (2) business days after it becomes aware of the incident. Business Associate shall provide Covered Entity with the information necessary for Covered Entity to investigate any such Security Incident.

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18.4 Business Associate shall comply with any reasonable policies and procedures Covered Entity implements to obtain compliance under the Security Rule.

**19. Miscellaneous.**

19.1 In the event of any conflict or inconsistency between the terms of this Agreement and the terms of the contract/grant, the terms of this Agreement shall govern with respect to its subject matter. Otherwise, the terms of the contract/grant continue in effect.

19.2 Business Associate shall cooperate with Covered Entity to amend this Agreement from time to time as is necessary for Covered Entity to comply with the Privacy Rule, the Security Rule, or any other standards promulgated under HIPAA.

19.3 Any ambiguity in this Agreement shall be resolved to permit Covered Entity to comply with the Privacy Rule, Security Rule, or any other standards promulgated under HIPAA.

19.4 In addition to applicable Vermont law, the parties shall rely on applicable federal law (e.g., HIPAA, the Privacy Rule and Security Rule, and the HIPAA omnibus final rule) in construing the meaning and effect of this Agreement.

19.5 As between Business Associate and Covered Entity, Covered Entity owns all PHI provided by Covered Entity to Business Associate or created or received by Business Associate on behalf of Covered Entity.

19.6 Business Associate shall abide by the terms and conditions of this Agreement with respect to all PHI it receives from Covered Entity or creates or receives on behalf of Covered Entity even if some of that information relates to specific services for which Business Associate may not be a "Business Associate" of Covered Entity under the Privacy Rule.

19.7 Business Associate is prohibited from directly or indirectly receiving any remuneration in exchange for an individual's PHI. Business Associate will refrain from marketing activities that would violate HIPAA, including specifically Section 13406 of the HITECH Act. Reports or data containing the PHI may not be sold without Agency's or the affected individual's written consent.

19.8 The provisions of this Agreement that by their terms encompass continuing rights or responsibilities shall survive the expiration or termination of this Agreement. For example: (a) the provisions of this Agreement shall continue to apply if Covered Entity determines that it would be infeasible for Business Associate to return or destroy PHI as provided in Section 14.2 and (b) the obligation of Business Associate to provide an accounting of disclosures as set forth in Section 12 survives the expiration or termination of this Agreement with respect to accounting requests, if any, made after such expiration or termination.

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**ATTACHMENT G  
REQUIRED FORMS**

**Department of Vermont Health Access**

**Subcontractor Compliance**

Date: \_\_\_\_\_  
Contract #: \_\_\_\_\_

Original Contractor/Grantee Name: \_\_\_\_\_

Subcontractor Name: \_\_\_\_\_ Dollar Amount: \_\_\_\_\_

Scope of Subcontracted Services:  
\_\_\_\_\_  
\_\_\_\_\_

Is any portion of the work being outsourced outside of the United States?  YES  NO  
(If yes, **do not proceed**)

All vendors under contract, grant, or agreement with the State of Vermont, are responsible for the performance and compliance of their subcontractors with the Standard State Terms and Conditions in Attachment C. This document certifies that the Vendor is aware of and in agreement with the State expectation and has confirmed the subcontractor is in full compliance (or has a compliance plan on file) in relation to the following;

- Subcontractor does not owe, is in good standing, or is in compliance with a plan for payment of any taxes due to the State of Vermont
- Subcontractor (if an individual) does not owe, is in good standing, or is in compliance with a plan for payment of Child Support due to the State of Vermont.
- Subcontractor is not on the State's disbarment list.

In accordance with State Standard Contract Provisions (Attachment C). The State may set off any sums which the subcontractor owes the State against any sums due the Vendor under this Agreement; provided, however, that any set off of amounts due the State of Vermont as taxes shall be in accordance with the procedures more specifically provided in Attachment C.

\_\_\_\_\_  
Signature of Subcontractor

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature of Vendor

\_\_\_\_\_  
Date

\_\_\_\_\_  
Received by DVHA Business Office

\_\_\_\_\_  
Date

**Required: Contractor cannot subcontract until this form has been returned to DVHA Contracts & Grants Unit**